Special Home Center Show coverage see page 6

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Rising rates squeeze debt-laden companies

A billion here, a billion there. Pretty soon, you're talking about real money.
—the late Sen. Everett Dirksen.

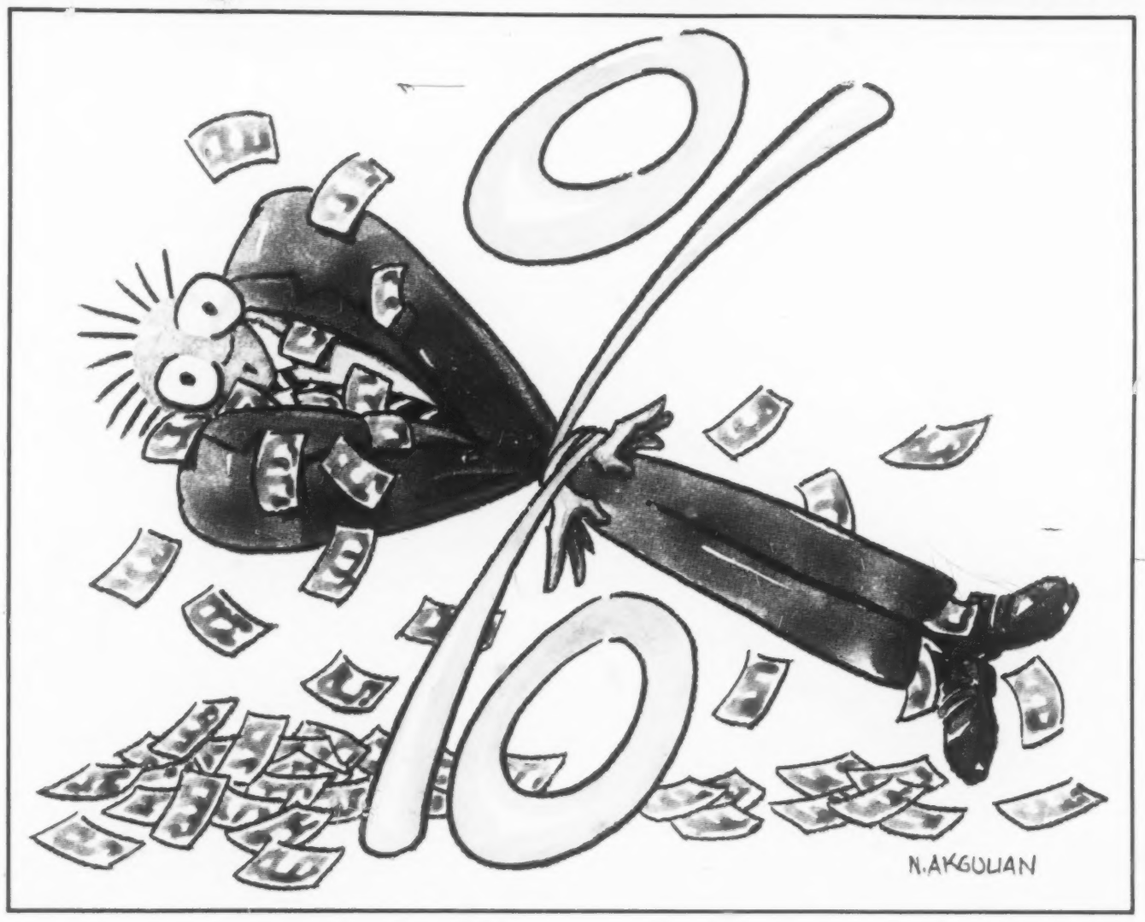
By Gary S. Ruderman

News Analysis

NATIONAL REPORT — Even with all the Congressional attention over the last 90 days over mergers, leveraged buyouts and corporate debt, the latest announcement of a buyout of The O'Malley Cos. shows that the industry preference for taking on corporate debt is still in vogue.

Management-led LBOs at Payless Cashways, Wickes Lumber, Sequoia Supply, Pay 'N Pak, Channel Home Centers and others have contributed to the $400 billion in total U.S. new LBO-related corporate debt in the last seven years. Now, after recent interest rate hikes, many wonder whether coming deals might be affected.

(Continued on page 69)



O'Malleys latest to join ranks of leveraged firms

By Brad Altman

PHOENIX — The O'Malley Cos. has signed a letter of intent to sell the building materials company for an estimated $22 million to two long-time employees—a father and his son—and a holding company active in the specialty construction business.

Duncan Hossack, 37, executive vp-operations, and his father, Don, 61, assistant gm of the 10-unit retail division, have mounted the leveraged buyout with equity backing from Phoenix-based United Building Services Corp.

The proposed LBO transaction comes four months after the 81-year-old, family-run company announced sweeping organizational changes for its retail, wholesale, and manufacturing divisions.

"It is our intent to continue to operate the company and carry on," said Duncan Hossack, adding that the transaction is scheduled to be completed by late May.

United Building Services is investing $3 million to $4 million in equity. The remaining money will be obtained through "institutional debt," said Rick Levinger, investment banking director for Forbes & Co., a Phoenix investment banking firm that will handle the financing.

Although United Building Services has "made acquisitions in the past, this will be the largest to date," said Lloyd M. Claycomb II, ceo of United Building Services.

(Continued on page 69)

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BUYING & SELLING

Euro-style cabinets remain strong, but not in all markets 45

HWI helps members in going head to head with Wal-Mart

By an NHCN staff editor

Regional Outlook

WILLOWBROOK, Ill. — Instead of running scared when Wal-Mart opened out on the highway, Jim Kottmeier opened a new home center across the street to meet the competition.

"We took advantage of the traffic situation," explained Kottmeier, owner of five home centers in Festus, Mo., south of St. Louis. "That was the basis of our opening there."

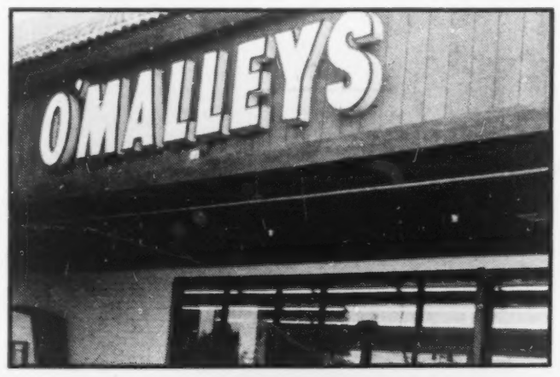
That was one of the examples more than 100 independent home center dealers heard over the last 30 days in what appears to be in the industry's first seminar at how to succeed head-to-head with Sam Walton's $20.6 billion Wal-Mart empire. Kottmeier, a Hardware Wholesalers, Inc. (HWI) member, joined 34 other HWI dealers in a recent Midwest seminar on Wal-Mart.

In February, HWI started its cycle of executive meetings that were scheduled to be held in 38 different cities. And this year, according to executive vp Mike McClelland, the focal topic will be an in-depth look at how Wal-Mart enters and competes in markets.

Peaceful co-existence

A picture of Sam Walton in a baseball cap appears on the screen. "This is the driving force behind Wal-Mart," explains Jim Mills, western division manager of HWI, who conducted the Willowbrook seminar. "He's the chairman of the board and he still spends four days a week in the stores. He's passed on his work ethic to the stores.

(Continued on page 70)



When it comes to paint brands, some would rather switch than fight

By Brad Altman

Merchandising

NATIONAL REPORT — Competition in the DIY paint category has become so fierce that at least one manufacturer is retreating from the retail home improvement marketplace.

Pittsburgh Paint (PPG) is gently shying away from DIY retailing, described as "a brutal market" by the company's marketing director, Mike O'Malley.

Rickel Home Centers, based in South Plainfield, N.J., recently eliminated Pittsburgh Paint from its merchandise mix.

A Rickel merchandise manager, who asked not to be identified, said Rickel "had Pittsburgh for years, but the market got to be competitive" and the paint maker was overpriced.

(Continued on page 16)

NEWSBREAKS

INDUSTRY SALES EXCEED $78 BILLION IN 1988: The U.S. Commerce Department reports that retail volume in building supply stores, hardware stores and home centers rose 8.9 percent over 1987 totals. Retail hardware store sales increased by 8.5 percent, while building materials and supply units' volume jumped 9 percent to $57.9 billion.

HOME DEPOT HITS $2 BILLION (ALMOST): The Atlanta-based chain ended 1988 with $1,999,514,000 in sales, a 37.6 percent boost over 1987. Its annual earnings rose 41.9 percent to $76,753,000.

INDUSTRY UPDATE

Wickes searches for retail buyer

SANTA MONICA, Calif. — The new owners of Wickes Cos. continue to look for buyers for Builders Emporium, Orchard Supply Hardware and Wickes Furniture, but don't expect to finalize the retail business sell-off until mid-year.

Meanwhile, the investment partnership that bought Wickes last December said it has received $400 million from the sale of nine businesses as part of its effort to focus Wickes primarily on manufacturing operations.

Wasserstein, Perella & Co. and Blackstone Group acquired the Wickes conglomerate for $538.9 million and subsequently split the company into three operating groups: Industrial, Textile and Hosiery.

"We now move to phase two of our reorganization," Robert McKeon, co-chairman of Wickes, said in a statement. "In this phase we will be seriously looking at the sale of Wickes' retail group" [*NHCN*, Feb. 13, 1989].

As many as nine groups considered buying BE, but formal bids were submitted by only a handful of candidates, a source said. One bid for BE reportedly was made March 9 by American Business Ventures, a Long Beach, Calif.-based group consisting of ex-HomeClub executives Robert McNulty and George Handgis, along with ex-W. R. Grace executive Tom Klimback.

A group headed by former Wickes' ceo Sanford Sigoloff and real estate developer Alexander Haagen reportedly dropped out before mounting a formal bid, a source said. Haagen did not return *NHCN* calls by press time.

More Home Depot inroads in NE

ATLANTA — The Home Depot opened its North Haven, Conn., store on March 2, as the company continues its big push into the Northeast.

This began with the opening of an East Hanover, N.J., unit last month and Home Depot expects to have between five and eight stores open by the end of its 1989 fiscal year in the New York-New Jersey-Connecticut region.

"We anticipate having as many as 50 to 75 stores in this region within the next several years," said Arthur Blank, president and chief operating officer. "We intend to be a very dominant retailer in this market."

Long Island, N.Y., is one of its target markets, where it recently purchased three units from Modells, a sporting goods retailer.

"In particular, the density of homes in the Northeast, together with the significant upkeep they require and the high cost of outside labor, present one of the most promising markets for our company anywhere in the U.S.," Blank said.

The North Haven unit brings Home Depot's total store count to 97 units.

Execs change at HQ Warehouse

VIRGINIA BEACH, Va. — Home Quarters Warehouse, the 11-unit subsidiary of Hechinger, has switched some of its management around.

Michael Good is now the warehouse chain's controller. He previously was assistant controller. Thomas Patterson and Michael Pastore, two merchandisers, have been promoted to vp-divisional merchandise manager posts. And Wayne Chisom, formerly merchandise director at Payless Cashways, is now HQ's merchandiser in the bath, kitchens and flooring categories.

Ernst replaces broadcast agency

SEATTLE — Ernst Home & Nursery has dropped Kenneth C. Smith & Associates, the La Jolla, Calif.-based advertising firm that has handled its broadcast account since last July, and replaced it with a Seattle firm, McCann-Erickson/Seattle.

Ernst's broadcast account is an estimated $3 million annually. Ernst currently uses McCann-Erickson for its direct marketing efforts. In May 1988, Stanton Bondo & Co. of Seattle resigned the Ernst account after three years.

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'Notice of Sale' signs posted as Wyeth Co. struggles to remain in business

By Gary S. Ruderman

ST. JOSEPH, Mo. — On April 12, a number of buildings, pieces of history, bits of legend and possibly an African lion owned by Wyeth Co., the troubled wholesaler, should be sold to the highest bidder on the steps of the Buchanan County Courthouse here. That is, barring last minute settlements, sales or legal protection from creditors.

It is old news that the Wyeth Co., the legendary supplier to the Pony Express, gold rush prospectors and Oregon Trail settlers, is financially besieged. Since an ill-fated venture into Texas and Oklahoma in 1984 and the failure of the company's long-time prime lender in 1985, Wyeth has struggled.

So a judgment against the Wyeth Co. came as no surprise. What did come as a surprise was the deputy sheriff posting "Notice of Sale" signs on most of the company's buildings in downtown St. Joseph, Mo., late in February.

"It means nothing but a play to disrupt our business and I doubt it could do that," said president Max Wyeth, who is fighting to sell the business.

Wyeth's customer base has shrunk to 1,000 "statements," according to Max Wyeth. The 450-store Trustworthy program it once had is down to 127 stores (part of Liberty Distributors' Trustworthy program). Wyeth closed one Trustworthy store it owned and is selling another. Sales at the privately held Wyeth are down from $50 million three years ago to a report-

(Continued on page 69)

HomeClub targets Utah with two new outlets in Murray and Salt Lake City

By an NHCN staff editor

FULLERTON, Calif. — Utah will be the ninth Western U.S. state to have a HomeClub when the warehouse chain headquartered here holds a March 30 grand opening in Murray, to be followed early this summer by a second HomeClub in Salt Lake City.

The Murray outlet will consist of a 111,067-square-foot warehouse and a 9,880-square-foot nursery. The Salt Lake City location will consist of a 103,909-square-foot warehouse and a 11,200-square-foot nursery.

HomeClub currently has 48 locations in California, Nevada, Arizona, Idaho, New Mexico, Texas, Washington and Colorado.

In a related development, a spokesman for Zayre Corp. said its restructuring move involving the spin off of its warehouse chains [HomeClub and BJ's Wholesale Club] into a new company is scheduled to take place "after March 21 and before June 21."

"All the pieces that need to fall in place to get the deal moving forward have been falling in place," said Steven Wishner, vp-treasurer, Zayre Corp.

The newly formed company, which has not been named, will be headed by president and ceo John Levy, formerly group officer in charge of the warehouse clubs division. Former HomeClub president Herb Zarkin will be involved in an unnamed "senior capacity," Wishner said. "He will be working closely with John."

Separately, Zayre and its TJX Cos. subsidiary consisting of TJ Maxx, Hit or Miss and Chadwick's of Boston, completed a previously announced merger on March 1, and Zayre will change its name to the TJX Cos. at its annual stockholder's meeting.

Son of ad tax rears its head in Connecticut, retailers protest

By an NHCN staff editor

NATIONAL REPORT — Legislative initiatives in Connecticut, South Dakota and Oregon to raise revenues by taxing advertising have been blasted by a representative of the building materials industry.

Joseph J. Doherty, vp-marketing communications at the Toledo, Ohio-based Owens-Corning Fiberglas and chairman of the board of the Association of National Advertisers, told *NHCN* that the controversial Connecticut ad-tax bill appears virtually identical to a measure passed and then repealed in Florida two years ago.

"The bill is somewhat broader than Florida's, but it is the same type of issue," Doherty said. "The tax is really disastrous for the state of Connecticut."

He said that a legislative committee in Connecticut heard testimony from 61 individuals on March 8 and "all 61 were against it, including the AFL-CIO."

The Connecticut proposal would extend the state's 7.5 percent sales tax to state and national advertising.

"I don't think they [state legislative bodies] understand the type of mechanism they would have to put in place to collect the tax," Doherty said.

The Connecticut Taxation, Finance & Bonding Committee, which has jurisdiction over the bill, estimates the bill would bring in $135 million annually, Doherty said.

"Nobody knows quite how they got that number," he added. "There was no indication how they would collect that tax, or how much of that money would flee the state [if the measure is approved].

"The local retailers in Connecticut should absolutely write their local state assemblyman and let them know this has the potential of hurting them and their business and decreasing revenues," Doherty said.

At least some retailers may be slow to respond to Doherty's battle cry. *NHCN* telephoned a Danbury, Conn.-based DIY dealer as well as a New York wholesaler that supplies that state and executives with both companies said they didn't know enough about the controversy to state an opinion.

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Buying & Selling *lumber report*

Owl reserve and rise in exports force plywood prices up in South and West

What do the spotted owl and Roseburg Forest Products have in common? They are parts of the equation that makes Gordon King think Americans will be paying double today's cost for a home soon.

Gordon King, president of the Hampton Lumber Mill in Portland, Ore., says he's not given to dramatics. "Remember what happened with OPEC and gas prices in the 1970s?" King asked. "It's gonna happen with lumber." King's voice is flat.

First about the owl, environmentalists and exports. In Oregon, for example, the state and federal government own 70 percent of the timberland available for harvest. The rest is privately owned. On Feb. 27, the state forestry department there said there would be no sales of government trees in March. They are leery of adding to the stack of 400 lawsuits already filed attempting to halt lumber sales from government forests.

Such suits precipitated the planned closing of 374,000 acres of prime timberland in Oregon, Washington and northern California, according to the *Seattle Times*. The land is planned as a reserve for the spotted owl.

Gary S. Ruderman
NHCN Senior Editor

Fewer sources of logs complicate the process of lumber production. Mills used to sign contracts as far out as 2½ years to buy logs. This lead time allowed mills to coordinate shipments from as many as 15 logging locations and plan production and manpower needs. Today, with the scrambling for *any* logs, the contracting time has slipped to under a year. With fewer logs, and what some concede are inefficiencies in many operations, the result has been the shuttering of 33 different mills in the last three months, King reports.

At the same time exports have soared. By law these export logs cannot come from federal lands, so this timber comes from private or domestic supply. Through the first nine months of 1988, exports—nearly 60 percent of which went to Japan—were up 31.1 percent to 1.5 billion board feet, according to *Crow's*. And, according to the U.S. Department of Agriculture, the predominant export species was Douglas Fir. Which brings us to Roseburg Forest Products, Roseburg, Ore.

In addition to its dimensional lumber, Roseburg's sanded plywood, particleboard and plywood siding were considered to account for between 30 percent and 40 percent of the Western fir production. Fir, according to retailers, is preferred by contractors.

Then Roseburg's 4,300 unionized workers went on strike Jan. 11 and sanded plywood prices shot straight up. The cost of ¾-inch AC western plywood topped a 10-year high, up $48 in 45 days, to settle at $515 per thousand board feet in February at the mill and $600 delivered in a carload basis.

Southern yellow pine producers reacted. The price of bellwether ¾-inch AC rose $12 to wholesalers. The important ¾-inch concrete form sanded rose in price from $398 in mid-February to $487 on March 1. Wholesalers took the price hikes, but some report shipping sanded lines some $20 below current replacement cost. Retailers are reticent to say they've passed on the hikes but a $24 sheet of AC out of the Southern markets could reach $30 this week, one said.

Then Weyerhaeuser's plywood plant at Snoqualmie burned down Feb. 5, taking out another 2 percent of the western ply availability. While the Roseburg strike may be settled, the Snoqualmie plant won't come back.

It all adds up to this. Prices for Western and Southern panels are at an all-time high, meaning they're meeting the classic formula of decreasing supply and increasing demand.

Could you imagine contractors' trucks lined up and down the street waiting to load lumber the way we waited for gas back in 1973?

—Gary S. Ruderman

Trends and Forecasts: Lumber and Wood Products

VALUE OF INDUSTRY SHIPMENTS
(in millions of dollars)

Item	*1985*	*1986*	*1987**	*1988***	*1989****	*% Change 88-89*
Saw/Planing	12,974	14,953	16,882	17,706	17,340	−2.1
Hardwood Floors	1,392	1,503	1,710	1,814	1,849	1.9
Millwork	6,813	7,749	8,432	9,024	n.a.	n.a.
Hardwood Plywood	1,510	1,585	1,570	1,564	n.a.	n.a.
Softwood Plywood	4,091	4,401	4,805	4,545	n.a.	n.a.
Particleboard	980	1,196	1,342	1,398	n.a.	n.a.
Wood Preserving	1,684	1,774	1,874	1,979	n.a.	n.a.

Source: U.S. Department of Commerce: Bureau of Census, Bureau of Economic Analysis, International Trade Administration
* Estimated except for exports and imports
**Estimated
*** Forecast

NHCN chart

The Commerce Department states that future sales of lumber and related products will be spurred on by home improvement projects, which currently account for 30 percent of lumber demand.

Business Watch

Section 4

Retail prospects for lighting products will dim slightly

By an NHCN staff editor

WASHINGTON — The retail sale of lighting products, which was strong in the early 1980s, will continue to shine in 1989 but not nearly as brightly, according to predictions by the U.S. Commerce Department.

In a recent study on the outlook for U.S. industry this year, government economists forecast continued gains in the shipment value of lighting equipment and accessories, but at a rate well below growth levels earlier in the decade and slightly less than estimates for 1988. Moreover, forecasters expect product shipments of lighting products used in residences (*e.g.* those sold in home centers) to decrease in value by $10 million this year.

"The 1989 outlook for lighting fixtures will directly depend upon levels of new construction activity and of modernization and refitting," Commerce Department forecasters said.

Based on current projections for housing starts and home improvement activity, economists expect the industry's shipment value to increase by 1.3 percent in 1989, reaching $6.4 billion.

Shipment value was up 2.4 percent from 1987 to 1988—about $150 million—to an estimated $6.3 billion.

Residential product shipment value rose $73 million from 1987 to 1988 to more than $1.7 billion compared to the $10 million decrease predicted for 1989. Last year's was substantially higher than the $34 million rise in shipments of lighting products for use in commercial construction.

"Reflecting the long-term construction forecast, the demand for lighting fixtures and accessories should grow at only a modest rate during the long term," forecasters said. At the same time, "amounts invested in replacing and modernizing structures should be large and should affect sales of lighting products favorably," they said.

"The renovation market has grown rapidly during the 1980s and seems likely to run stronger than new construction for several years to come."

In other words, the accuracy of the Commerce Department forecast and its impact on home center retailers will "directly depend" on levels of new construction activity and modernization and retrofitting. According to the report, "two-thirds of the lighting products business comes from new construction, 22 percent from modernization and about 11 percent from maintenance and repair."

The Department also forecast declines in the value of shipments of electrical, current-carrying wiring devices (*e.g.* lampholders, power outlets, switches, dimmers) and of non-current-carrying wiring devices such as electrical conduits and fittings and boxes for outlets.

After adjusting for inflation, economists predicted a 3 percent decline in value of shipments of non-current-wiring goods and a 1.5 percent drop in current-carrying device value in 1989. Shipment value of all wiring equipment will stay slightly above $5 billion after inflation, they said. From 1990 through 1993, the picture should improve, based on forecasts for a "modest" compound annual growth rate of 1 percent to 2 percent.

Trends and Forecasts: Electric Lighting & Wiring Equipment

VALUE OF INDUSTRY SHIPMENTS
(in millions of 1982 dollars)

	1985	1986	1987*	1988**	1989***	% Change 88-89
Wiring Devices, Current Carrying	3,191	3,125	3,089	3,043	2,997	−1.5
Wiring Goods, Non-Current	2,230	2,208	2,142	2,099	2,036	−3.0
Lighting Fixtures	4,869	5,176	5,294	5,305	5,209	−1.8

Source: U.S. Department of Commerce: Bureau of Census, Bureau of Economic Analysis, International Trade Administration
*Estimated except for export and import
** Estimated
*** Forecast
ALL FIGURES IN 1982 DOLLARS

NHCN chart

Paint sales to grow despite weaker housing market

By an NHCN staff editor

WASHINGTON — The paint industry managed a significant recovery in 1988, returning to the comfortable growth patterns of the early 1980s after experiencing a substantial decrease in shipment value last year.

In a recent study, the U.S. Commerce Department estimated that the value of paint industry shipments rose to $11.8 billion last year, an increase of 6.4 percent over the previous year. The figures were particularly notable since paint sales had fallen 5 percent in 1987, barely topping $11.1 billion.

Moreover, economists reported that much of the decline in 1987 reflected lower demand for architectural coatings, which include paints distributed by home centers. These architectural paints accounted for 41.4 percent of total shipments.

The 1987 drop in paint shipment value represented a major fluctuation in the fairly steady increases in paint sales for more than a decade. For example, value of shipments for paints and allied coatings increased at a compound annual rate of 8.3 percent between 1972 and 1986. When measured over the five years from 1981 to 1986, the compound annual increase was still more than 5 percent.

Despite predicted drops in housing starts again in 1989, Commerce Department economists forecast that shipment value will continue to increase this year and beyond at an average annual rate of 3 percent to 6 percent, not counting inflation. Specifically, they predicted that value of paint shipments will top $12 billion in 1989.

According to the study, more than 1,170 U.S.-based companies manufacture paint and allied coatings. This "fragmented nature of the manufacturing base" makes a strong impact on the industry's competitiveness, economists said.

However, they predict that in future years, restructuring of the U.S. industry will result "as firms without the resources for aggressive research and development are acquired by large, better financed competitors."

In addition, foreign firms will continue to acquire significant shares of domestic companies as long as the dollar remains weak, they said.

According to the study, as in 1988, the paint industry will face market pressure from substitute materials such as vinyl siding, interior wall coverings, wood paneling and glass. Additionally, it faces ongoing impact from tightening environmental rules such as "allowable levels of toxicity in emissions."

Commerce economists predicted an even larger increase in the value of adhesives and sealants shipments this year than for the paint sector.

While the estimated increase for 1988—5.2 percent—did not match the 6.4 percent increase in paint sales last year, forecasters expect adhesive industry shipments to rise more than 6 percent this year (compared to 2.1 percent predicted for paints).

Although the forecast calls for continuing healthy expansion, the anticipated gains are somewhat smaller than the compound annual increases experienced over the past 15 or more years. For example, from 1972-1986, the compound annual increase for adhesive shipments averaged 10.7 percent. During the five years from 1981-1986, the compound yearly average was 7.2 percent.

Total value of adhesives and sealants shipments rose from $3.8 billion in 1986 to just above $4 billion according to 1988 estimates. Shipment value is expected to exceed $4.3 billion this year.

Unfortunately for home center retailers, economists anticipate that much of the demand will be related to "specialized uses" such as aerospace products. "Demand from other markets, such as construction and capital goods, is expected to fluctuate in response to variations in interest rates," they said.

Trends and Forecasts: Coatings and Adhesives

VALUE OF INDUSTRY SHIPMENTS
(in millions of dollars except as noted)

	1985	1986	1987*	1988**	1989***	% Change 88-89
Paint	11,562	11,725	11,140	11,850	12,100	2.1
Adhesives	3,672	3,838	3,870	4,070	4,320	6.1

Source: U.S. Department of Commerce: Bureau of Census, Bureau of Economic Analysis, International Trade Administration
* Estimated except for exports and imports
** Estimated
*** Forecast

NHCN chart

Repair and remodeling will help lumber industry weather 1989

By an NHCN staff editor

WASHINGTON — Remodeling and repair activities will get the lumber industry through a rocky 1989 and provide slim margins of growth in wood and wood product shipments through 1993, according to the latest Commerce Department forecasts.

"Home improvements currently account for approximately 30 percent of the overall demand for lumber, and the industry is enthusiastically pursuing this market," Commerce Department economists said.

According to the study, continuing high levels of home improvement activity—"fostered by relatively low interest rates and spreading availability of home equity credit and traditional second mortgages"—are expected to continue into the early 1990s.

Despite these rosy predictions, the demand for lumber for home improvement activities will not be able to offset the impact of a sluggish new-home market in 1989. Forecasters predict that housing starts will decrease to 1.4 million units this year and will likely remain below 1.5 million during the next few years.

The dropoff in new housing construction will trigger a 2.1 percent decrease in the value of shipments by sawmills and planing mills, according to predictions. In contrast, lumber sales increased an estimated 4.9 percent in 1988 to $17.7 billion.

Described as a "slight downturn in sawmill and planing industry shipments" by government economists, the decrease nevertheless represents a significant change from the compound annual increase of 6.1 percent

(Continued on page 58)

Business Watch

stocks

End-of-year surge helps Lowe's income grow at record rate

By an NHCN staff editor

NORTH WILKESBORO, N.C. — Lowe's Cos., the home center industry's largest chain with 296 stores, weathered a so-so sales year in 1988 and saw its net income increase 13 percent to a record $69.2 million. Earnings per share were up 19 percent, to $1.83.

In the 12 months ended Jan. 31, 1989, Lowe's sales rose 3 percent to $2.52 billion, which also represented a record for the chain. Same-store sales for the year increased at the same percentage rate.

End-of-year boost

Fifty-nine percent of the chain's sales came from retail transactions, which were up 8 percent for the year. Contractor sales, however, were off 3 percent.

Lowe's benefited from a very strong fourth quarter, during which its sales jumped 13 percent, to $569.6 million. And net income skyrocketed to $11.8 million during the quarter, from $648,000 during the same period a year ago.

Retail sales grew at a 16 percent clip, and contractor business was upped by 9 percent during the last quarter.

The company reported that it ended the year with nearly 5.1 million square feet of retail space. In fiscal 1988, it opened seven new stores, retrofitted 18 others, relocated eight and closed six.

The company also announced plans to to buy $6 million of its stock on the open market by Oct. 15, 1989, to be used to fund the balance of its contribution to its Employee Stock Ownership Plan for this fiscal year.

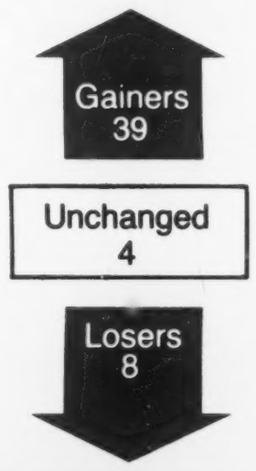
Stocks show modest rebound

After a bruising two weeks in the middle of February, industry stock did better during the reporting period ending March 10. Of the 51 stocks tracked for *NHCN* by Media General, 39 showed gains, four remained unchanged and only eight posted losses.

Among retailers, most gains were relatively modest. Wickes led the pack with a 9.8 percent gain to $8.38, but most averaged a 4.7 percent hike. Strangely, Sears' stock, despite having a huge volume of trades, remained relatively stable, with a 2.8 percent gain. Unfortunately, those that lost did so on a less modest scale. The Strober Organization slid downward 10.3 percent to close at $7.63, which is a 38 percent decline from its 52-week high of $12.25. Interco, which has put Central Hardware on the block after financial difficulties, sank 7.1 percent to close at $3.25.

Among wholesalers, Hughes Supply edged up 2.8 percent, while Moore Handley remained unchanged on weak volume.

Manufacturers' stocks tended to be more volatile as a whole, yet there were no wide swings one way or the other. Ply-Gem and Stanley Works led the way with 12 percent and 12.1 percent gains, respectively. Champion International showed the biggest drop, down 5.2 percent to $31.75



National Home Center News

HOME CENTER MARKET SUMMARY

Company and Market	Stock Market: Price: 2-Weeks Ended 3-10-89	2-Weeks Change: Amt.	2-Weeks Change: Pct.	2-Week Range: High	2-Week Range: Low	52-Week Range: High	52-Week Range: Low	Volume: 2-Weeks Shares Traded: Total	Volume: 2-Weeks Shares Traded: % Out	Volume: 12-Week Avg. Vol. As % Out	Volume: Volume Trend Change	P/E Ratio	Indicated Divd. Rate: Amt.	Indicated Divd. Rate: Yld.	Latest Report: New Report	Latest Report: Period	Latest Report: Date Ended	Latest Quarter: Revenue: Amt.	Latest Quarter: Revenue: Chg.	Latest Quarter: Net Income: Amt.	Latest Quarter: Net Income: Chg.	Latest Quarter: E.P.S.: Amt.	Latest Quarter: E.P.S.: Chg.	Year-to-Date: Revenue: Amt.	Year-to-Date: Revenue: Chg.	Year-to-Date: Net Income: Amt.	Year-to-Date: Net Income: Chg.	Year-to-Date: E.P.S.: Amt.	Year-to-Date: E.P.S.: Chg.
-	$	$	%	$	$	$	$	(100)	%	%	%	-	$	%	-	-	-	$Mil	%	$Mil	%	$	%	$Mil	%	$Mil	%	$	%
Retailers																													
Gen Bldg Prods M	4.25	.25	6.3	4.75	3.63	6.50	3.00	232	.58	.44	31.8	NE	.00	.0	NEW	fiscal	11-88	22.8	26.0	- .5	- 100.0	- .13	- 100.0	79.3	17.3	- .2	- 100.0	- .06	- 100.0
Grossman's Inc M	8.38	.25	3.1	8.38	7.88	8.50	4.88	25,561	9.78	4.18	134.0	16.8	.00	.0	.....	fiscal	12-88	285.8	10.9	.6	- 25.0	.02	NC	1141.6	6.0	13.2	9.1	.50	- 5.7
Hechinger A M	18.75	.00	.0	19.00	18.63	20.25	15.88	6,655	3.25	1.76	84.7	NA	.16	.9	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hechinger B M	18.75	.25	1.4	19.00	18.50	20.00	15.75	501	.32	.11	190.9	15.1	.06	.3	.....	9 mos.	10-88	250.6	35.5	12.1	28.7	.32	18.5	773.5	39.7	36.0	23.3	.96	7.9
Home Depot N	34.75	1.75	5.3	35.75	33.00	35.75	22.88	17,223	3.46	1.46	137.0	24.0	.12	.3	.....	9 mos.	10-88	509.9	40.0	17.1	76.3	.33	73.7	1474.7	36.6	57.9	52.0	1.13	39.5
Interco N	3.25	- .25	- 7.1	3.63	3.00	3.88	2.88	35,483	9.81	NC	NC	NA	.00	.0	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
K mart Cp N	39.88	2.63	7.0	39.88	36.88	39.88	30.25	52,488	2.63	1.33	97.7	11.0	1.32	3.3	.....	9 mos.	10-88	6358.2	6.4	126.1	14.5	.63	16.7	18884.1	5.7	409.7	10.4	2.04	12.1
Lowe's Cos N	25.00	1.38	5.8	25.75	23.38	25.75	18.75	7,190	1.94	.78	148.7	14.5	.48	1.9	.....	9 mos.	10-88	652.1	1.0	15.9	- 4.2	.42	.0	1947.3	.4	57.4	9.8	1.51	14.4
NHD Stores M	7.00	.25	3.7	7.00	6.50	8.00	4.50	113	.83	.66	25.8	9.3	.00	.0	.....	9 mos.	10-88	12.3	15.0	.1	NE	.04	NE	37.3	12.7	.6	50.0	.43	38.7
Natl Lumber M	2.13	.13	6.3	2.13	2.00	3.50	2.00	326	.58	.38	52.6	NE	.00	.0	.....	*	10-88	NC	NC	NC	NC	NC	NC	116.8	NC	- 2.6	NC	- .47	NC
Scotty's Inc N	12.38	- .25	- 2.0	12.88	12.00	15.25	10.50	650	.44	.53	- 17.0	42.7	.52	4.2	.....	6 mos.	12-88	141.0	5.6	2.5	.0	.16	- 5.9	269.0	4.6	- 2.0	- 100.0	- .14	- 100.0
Sears, Roebuck N	42.00	1.13	2.8	42.88	40.63	46.25	33.00	82,295	2.17	.92	135.9	17.5	2.00	4.8	.....	fiscal	12-88	11761.0	- 16.3	16.4	- 97.1	- .46	- 100.0	50251.0	3.7	909.5	- 44.9	2.40	- 44.8
Std Brd Pnt N	14.50	.25	1.8	16.00	14.25	18.50	10.63	4,279	7.48	3.92	90.8	NE	.00	.0	.....	9 mos.	10-88	80.5	2.2	1.3	- 69.8	.17	- 67.3	236.1	- .2	3.9	- 69.5	.50	- 67.7
Strober Organiz M	7.63	- .88	- 10.3	8.75	7.25	12.25	7.00	623	1.02	.37	175.7	10.4	.00	.0	.....	9 mos.	09-88	38.9	40.9	1.6	- 5.9	.26	- 3.7	105.4	40.2	3.4	- 20.9	.56	- 20.0
Wickes Cos N	8.38	.75	9.8	8.88	7.63	14.13	6.50	12,977	2.72	.57	377.2	5.7	.00	.0	.....	6 mos.	07-88	937.9	- 35.5	- 12.4	- 100.0	- .09	- 100.0	1866.0	- 37.7	- 15.0	- 100.0	.08	- 94.2
Wolohan Lumber M	22.25	.50	2.3	23.25	22.00	27.00	12.50	940	1.61	2.92	- 44.9	11.6	.28	1.3	.....	fiscal	12-88	64.3	13.2	2.8	3.7	.49	6.5	257.8	12.8	11.2	24.4	1.92	25.5
Zayre Corp N	25.75	1.38	5.6	26.25	23.88	27.13	18.63	29,998	5.34	2.09	155.5	NE	.40	1.6	.....	9 mos.	10-88	936.3	- 41.5	- 160.7	- 100.0	(2.87)	- 100.0	2530.5	- 41.2	- 178.2	- 100.0	(3.18)	- 100.0
Wholesalers																													
Hughes Supply N	18.38	.50	2.8	18.75	17.88	19.44	16.50	591	1.21	.47	157.4	9.3	.32	1.7	.....	9 mos.	10-88	131.7	16.3	2.5	.0	.51	4.1	376.3	18.3	7.1	6.0	1.46	9.8
Moore Handley M	3.75	.00	.0	3.75	3.75	5.00	3.75	9	.04	.22	- 81.8	NE	.20	5.3	NEW	fiscal	12-88	20.2	- 15.8	- .2	NE	- .10	NE	99.7	1.3	- .3	- 100.0	- .14	- 100.0
Manufacturers																													
Am Consum Prods M	10.00	.25	2.6	10.00	9.75	12.50	9.50	64	.24	.14	71.4	14.3	.00	.0	NEW	fiscal	12-88	22.1	30.8	.4	.0	.17	21.4	78.6	62.7	1.8	5.9	.70	9.4
Am Woodmark M	11.50	.00	.0	11.50	10.75	11.50	8.00	150	.20	.18	11.1	12.9	.00a	.0	NEW	9 mos.	01-89	38.9	30.1	1.3	85.7	.17	325.0	118.3	23.2	5.8	31.8	.77	32.8
Armstrng Wrld N	37.00	- 1.25	- 3.3	38.38	36.63	44.00	31.75	16,404	3.55	1.81	96.1	10.5	1.00	2.7	.....	fiscal	12-88	706.9	16.8	34.6	3.3	.74	2.8	2680.3	13.3	162.7	8.2	3.51	10.4
Black & Decker N	23.63	.50	2.2	24.25	23.13	25.25	17.38	20,341	3.48	2.14	62.6	13.3	.40	1.7	.....	3 mos.	12-88	705.5	15.2	38.4	23.5	.65	22.6	705.5	15.2	38.4	23.5	.65	22.6
Boise Cascade N	42.00	.25	.6	42.63	40.63	49.88	39.25	16,557	3.69	1.81	103.9	6.6	1.40	3.3	.....	fiscal	12-88	1034.8	6.1	76.4	33.6	1.70	41.7	4094.6	7.2	289.1	58.0	6.34	71.4
Catalina Lgtg A	13.00	1.00	8.3	14.00	11.50	14.00	3.00	2,940	8.66	3.33	160.1	28.3	.00	.0	NEW	3 mos.	12-88	9.0	83.7	.4	100.0	.12	71.4	9.0	83.7	.4	100.0	.12	71.4
Champ Intl N	31.75	- 1.75	- 5.2	33.50	31.50	38.00	29.50	29,337	3.08	1.67	84.4	6.6	1.10	3.5	.....	fiscal	12-88	1314.4	13.6	119.8	45.9	1.26	46.5	5128.5	11.1	456.4	19.5	4.80	19.1
Clairson Intl M	4.88	.38	8.3	5.13	4.13	8.00	4.13	2,627	5.16	2.19	135.6	NE	.00	.0	.....	9 mos.	06-88	27.2	46.2	- 2.1	- 100.0	- .43	- 100.0	78.4	45.7	- 4.3	- 100.0	- .85	- 100.0
Coleman Co N	67.63	- 1.00	- 1.5	70.00	67.25	71.00	35.50	5,852	8.31	6.26	32.7	19.5	1.20	1.8	.....	fiscal	12-88	141.0	6.1	1.8	- 5.3	.24	- 11.1	657.9	9.9	24.5	27.6	3.47	27.6
Cooper Indus N	55.38	.38	.7	56.25	54.13	62.75	50.13	7,083	1.39	1.04	33.7	12.6	2.00	3.6	.....	fiscal	12-88	1193.3	18.3	74.7	32.4	1.47	31.3	4258.3	18.8	224.4	29.1	4.41	27.1
DeSoto Inc N	49.50	1.25	2.6	52.50	46.75	52.50	28.88	6,802	16.96	7.19	135.9	62.7	1.40	2.8	.....	fiscal	12-88	85.0	31.0	- .1	NE	- .03	NE	402.5	7.9	3.2	- 69.8	.79	- 70.3
Emhart Corp N	42.38	2.50	6.3	42.75	39.88	42.75	18.88	154,046	24.86	5.04	393.3	21.0	.88	2.1	.....	fiscal	12-88	722.7	8.7	32.9	24.6	.52	23.8	2762.0	12.5	126.0	18.3	2.02	18.8
Georgia Pacific N	42.38	2.25	5.6	43.00	39.75	43.00	33.25	21,076	2.20	1.21	81.8	8.9	1.40	3.3	.....	fiscal	12-88	2567.0	15.2	129.0	15.2	1.35	26.2	9509.0	10.5	467.0	2.0	4.76	12.5
La Pacific N	31.13	.25	.8	31.50	30.25	37.50	26.00	6,238	1.61	1.01	59.4	7.7	.92	3.0	.....	fiscal	12-88	448.3	- 6.2	31.2	- .3	.83	1.2	1799.4	- 6.4	153.6	22.9	4.02	22.9
Macmillan Bloedel M	15.88	.38	2.4	16.00	15.25	17.38	13.88	6,152	.60	.28	114.3	NA	.80	NA	NEW	fiscal	12-88	801.1	1.2	73.2	16.4	.68	19.3	3273.5	4.4	329.8	17.5	3.08	20.3
Masco Corp N	25.75	.13	.5	26.38	25.13	30.38	23.63	18,907	1.38	1.14	21.1	12.3	.48	1.9	.....	fiscal	12-88	609.6	12.2	49.3	60.1	.36	56.5	2438.6	20.5	288.3	31.8	2.10	27.3
Mor-Flo Inds M	5.75	.38	7.0	5.75	5.38	6.50	4.50	122	.48	.29	65.5	NE	.01	.2	.....	9 mos.	09-88	52.5	6.9	- 1.9	NE	- .73	NE	162.0	4.9	- 5.8	NE	(2.29)	NE
Newell Co N	30.63	.88	2.9	31.38	29.63	31.38	17.88	2,619	1.13	1.47	- 23.1	14.0	.76b	2.5	.....	fiscal	12-88	253.7	- 16.8	21.2	58.2	.78	62.5	988.2	37.3	61.4	65.1	2.18	58.0
Nortek Inc N	9.13	.38	4.3	9.50	8.25	10.38	6.38	3,181	2.13	1.23	73.2	NE	.10	1.1	.....	9 mos.	09-88	343.0	- 2.7	4.8	2300.0	.32	3100.0	1049.0	7.5	16.3	43.0	1.10	54.9
Owens Corn N	28.63	.63	2.2	28.88	27.25	29.88	18.00	11,300	2.83	1.75	61.7	6.1	.00	.0	.....	fiscal	12-88	704.0	NC	58.0	NC	1.37	NC	2831.0	- 2.1	197.0	- 10.5	4.71	- 11.1
Ply-Gem A	14.00	1.50	12.0	14.38	12.50	15.63	11.38	4,866	4.51	1.18	282.2	9.9	.12	.9	NEW	fiscal	12-88	85.7	12.6	2.1	NE	.19	NE	383.7	22.7	15.9	112.0	1.41	113.6
Pope & Talbot N	19.75	.38	1.9	19.75	19.13	21.75	16.13	1,448	1.21	.85	42.4	7.4	.60	3.0	.....	fiscal	12-88	154.0	44.2	8.6	19.4	.73	23.7	515.0	20.6	31.9	13.5	2.68	15.0
Potlatch Cp N	34.38	1.75	5.4	35.00	32.13	35.38	27.25	3,910	1.45	.54	168.5	8.5	1.04	3.0	.....	fiscal	12-88	285.4	12.9	33.1	32.9	1.19	33.7	1084.1	9.3	112.4	28.3	4.04	29.1
PPG Inds N	44.00	1.50	3.5	44.50	42.13	46.88	36.25	15,252	1.39	.75	85.3	10.3	1.36	3.1	.....	fiscal	12-88	1431.7	7.8	102.3	6.0	.94	10.6	5616.7	8.4	467.6	24.0	4.26	33.5
Rep Gypsum N	5.00	.00	.0	5.25	4.88	6.88	4.25	437	.43	.32	34.4	23.8	.20	4.0	.....	6 mos.	12-88	13.3	- 8.3	.9	12.5	.09	12.5	25.6	- 6.6	1.3	8.3	.13	8.3
Sherwin-Wms N	26.75	.63	2.4	27.38	25.88	31.63	24.00	9,063	2.07	.99	109.1	11.6	.70	2.6	.....	fiscal	12-88	449.5	10.1	18.6	- 8.4	.43	- 6.5	1950.5	8.8	101.0	4.6	2.30	7.0
Stanley Works N	32.38	3.50	12.1	33.50	29.00	33.50	24.00	14,864	3.47	1.06	227.4	13.5	.96	3.0	.....	fiscal	12-88	486.2	6.0	30.4	16.0	.71	16.4	1909.0	8.3	103.5	19.5	2.40	20.0
Thos Inds N	19.63	.63	3.3	19.63	18.75	23.31	18.25	394	.39	.45	- 13.3	12.1	.72b	3.7	.....	fiscal	12-88	85.6	6.3	3.9	- 16.8	.37	- 17.8	347.6	8.0	17.7	3.5	1.62	3.8
Union Camp N	35.13	- .63	- 1.7	35.88	34.75	38.38	31.00	17,719	2.58	1.20	115.0	8.3	1.24	3.5	.....	fiscal	12-88	685.6	12.4	78.5	33.1	1.14	40.7	2660.9	15.3	295.2	42.3	4.25	50.2
USG N	6.00	- .13	- 2.0	6.13	5.88	7.75	4.75	8,284	1.59	1.63	- 2.5	2.5	.00	.0	.....	fiscal	12-88	540.0	- 25.6	42.6	147.7	.79	139.4	2248.0	- 22.4	125.5	- 38.6	2.38	- 39.9
Waxman Ind M	8.50	.50	6.3	8.75	8.00	12.25	7.09	2,337	2.53	1.81	39.8	11.0	.10	1.2	.....	6 mos.	12-88	48.0	26.0	1.7	13.3	.18	12.5	98.0	34.4	3.3	17.9	.36	20.0
Weyerhaeuser N	26.00	.50	2.0	26.38	25.25	29.50	23.25	24,248	1.19	1.15	3.5	9.7	1.20	4.6	.....	fiscal	12-88	2560.0	43.5	154.8	19.6	.73	19.7	8470.1	21.2	564.4	26.4	2.68	26.4

All Data are based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Reporting period
3 mos.—First quarter of fiscal year
6 mos.—First six months of fiscal year
9 mos.—First nine months of fiscal year
Fiscal—Fiscal year
NEW—New report since last issue

Last 52 Weeks

General Field Footnotes
NA—Not available or not applicable
NC—Data required for calculation currently incomplete in our files
NE—Negative earnings invalidate calculations
NM—No meaningful figure
a—Under dividend amount, indicates a stock dividend
b—Indicates cash plus stock dividend when applied to dividend amount column

P/E Ratio—Price/earnings ratio
E.P.S.—Earnings per share

Market
N—New York Stock Exchange
A—American Stock Exchange
O—NASDAQ Over-the-Counter
M—NASDAQ National Market

*Two-week average volume equals the number of shares traded divided by the number of shares outstanding during the latest two-week period. Twelve-week average volume equals the number of shares traded divided by the number of shares outstanding over the previous 12 weeks.

All earnings data and all related calculations using earnings data use primary earnings from total operations and after taxes. Earnings are before extraordinary items, when such items are applicable.

Data and Table Provided by Media General Financial Services Inc., Richmond, Va. 23219

Burt Lumber supplies builders of million dollar homes

(Continued from page 7)
alone," said Murray, without a trace of surprise in his voice.

Avoids tract housing

Burt Lumber, which celebrates its 25th anniversary on June 28, is not alone in its quest for builder business. Among its competitors are the Nassau-Suffolk Lumber and General Building Product chains, as well as a very strong independent Clete Lumber.

But what sets Burt Lumber apart, according to its 41-year-old vice president Jeff Marino, is that "we don't want tract housing business.

"The big developments draw competitive bids like a magnet," he explained. "And it's very difficult to make money. In addition, when you're dealing with tract developers, collection can be a problem."

Marino, who runs the company with his 66-year-old father, Jim Sr.; and brothers Jim (40), Jay (36) and John (31), added that another edge Burt Lumber has is its reputation for stocking quality building materials. The company reputedly was the first lumberyard in the market to stock redwood 15 years ago.

"We don't carry SPF or hem fir, and only stock Doug fir framing studs," he noted. At Burt's three-acre contractor yard, which was purchased in 1984, there sits in the outside area a large inventory of treated lumber.

The company's product strengths are interesting. For example, a few years ago it set up a separate shop so that it could be a stocking dealer of Andersen Windows. Its stores sell between 275 to 300 outdoor barns annually, ranging in price from $400 to $900. It maintains a separate "store" at its yards for the display of certain hardlines.

Burt Lumber is also in the process of constructing at each of its yards a 1,200-square-foot showroom for specialty products such as stair rails, doors, windows, paneling, ceilings and flooring. "We want someplace where builders can bring their homeowner customers and see what the product will look like in a home setting," said Marino.

This is one of several new business avenues the company is exploring. Another is exporting: it has been selling products such as plywood, formica and yellow pine to Israel.

Service crucial to sales

The company is also banking on being able to out-service the competition.

"Service is going to be a key this year," said Jeff Marino, whose company has six delivery trucks, and is making a serious effort in 1989 to improve its delivery time to job sites.

The company's service offering is facilitated by a computer system that Marino said is so simple to use it doesn't require a programmer. This system allows Burt Lumber a versatility that includes giving a builder takeoffs at different price levels based on that particular customer's sales with its yards.

"Customers can increase their buying power with us by increasing their volume," said Marino. More significantly, the system has eliminated the need for Burt to dedicate a specific salesperson to an individual contractor account. (Burt Lumber has no outside salesmen aside from Murray.)

Still wants retail business

Murray—who before joining Burt Lumber had worked as a kind of freelance general contractor with a number of home center and building supply dealers—was excited about his company's growing penetration into the custom home supply market. He was particularly sanguine about the increased profitability this business promises.

"When someone is having his own home built, he wants everything just right," said Murray. "And in these kinds of homes you can put in engineered products like Micro-Lam; the markup on this stuff is tremendous."

Over the course of the next few years, Burt Lumber hopes to increase its sales to customized home builders to between $4 million and $5 million. And Marino believes this could be accomplished without seriously shifting away from remodelers or DIYers.

"I sincerely hope our retail business doesn't dwindle," he said. "Ultimately, our customer is the homeowner, and a lot of our reputation has been built up by word of mouth from our retail trade."

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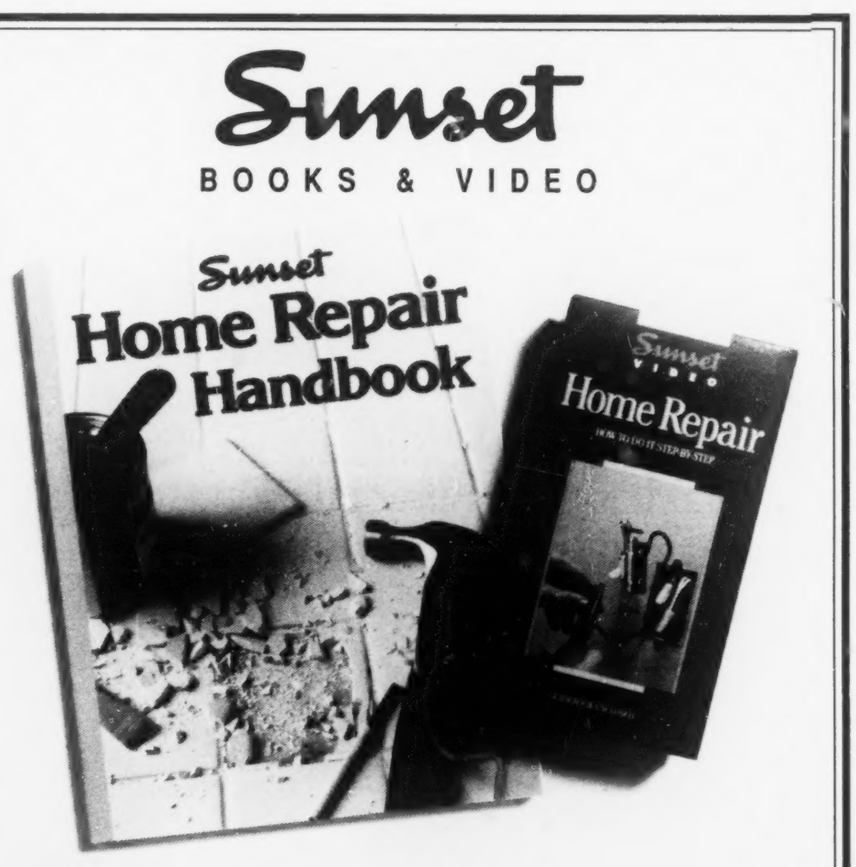

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Hechinger to barrel into Beantown

Price war expected as competition braces for 1990 entry

By Elizabeth Brent

LANDOVER, Md. — Hechinger's plans to invade the Boston market next year are expected to touch off a furious marketing war among that chain and competitors already with a major stake in that area.

The 78-unit Hechinger is scheduled to make a forceful entry into the Boston metropolitan market with four units by the spring of 1990, and it has plans for a possible 11 more there.

"We have targeted the greater Boston region for a major expansion effort, as it is the third largest market on the East Coast with a population of 4.5 million and more than 1.7 million households," said John W. Hechinger Jr., the company's president, in a prepared statement. Hechinger officials could not be reached for comment about its expansion.

(Due to an editing error, it was inaccurately reported earlier by *NHCN* that Hechinger had secured sites for seven new stores.)

Throwing down the gauntlet

Hechinger's intent to dominate the Boston market will pit its stores against local existing players, most notably Somerville Lumber, Grossman's and P. F. O'Connor, which opened a 200,000-square-foot warehouse unit in Revere, just north of the city, in 1987.

"We feel that Hechinger will make the pie smaller and we respect them as good competition," said Ron Jerauld, O'Connor's product line manager. "But we are not overly concerned that it will have 15 stores in our market area. We are going to rely on our biggest asset—our people—to hold on to our piece of the pie."

John W. Hechinger Jr.

Somerville Lumber commands a loyal following and its flagship store, based in the heart of the city, generated $57 million in 1988, or more than a quarter of the chain's $200 million in sales last year.

Grossman's, based just south of Boston in Braintree, Mass., signaled the symbolic and real importance of this market to its operations when it opened its first post-Chapter 11 store in Hanover, 40 miles south, in 1987.

At that time, Grossman's chairman Mike Grossman said Hanover "is a signal to the world that we are No. 1 in Boston and intend to stay No. 1."

(Continued on page 80)

Skeptical consumers worry low-price dealers

By Gary S. Ruderman

CHICAGO — Builders Square is one of the many practitioners in the home improvement industry selling products at the same low prices, day in and day out.

But Jud Walford, executive vp-merchandising and advertising for the San Antonio, Texas-based warehouse chain, isn't so sure that customers, bombarded by every dealer imaginable about how low their prices are have embraced or even trust the concept.

"As a consumer, I'm pretty skeptical of the claims about everyday low prices," he asserts. "Who do you believe?"

Just how many consumers feel the same way is what dealers whose marketing image hinges on everyday low pricing are asking themselves.

After 20 years of beating themselves and their customers over the head with a 2x4 called "SALE," retailers switched gears about three years ago and told customers they needn't wait

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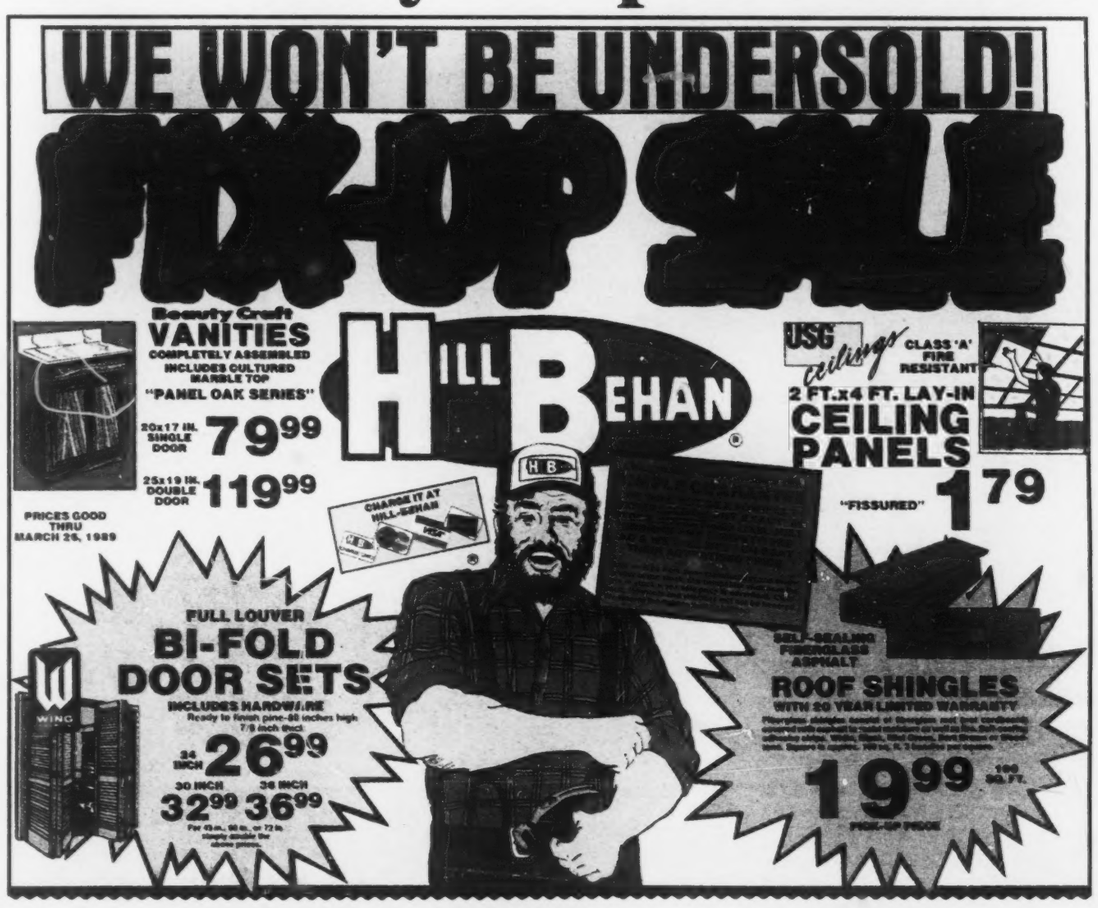
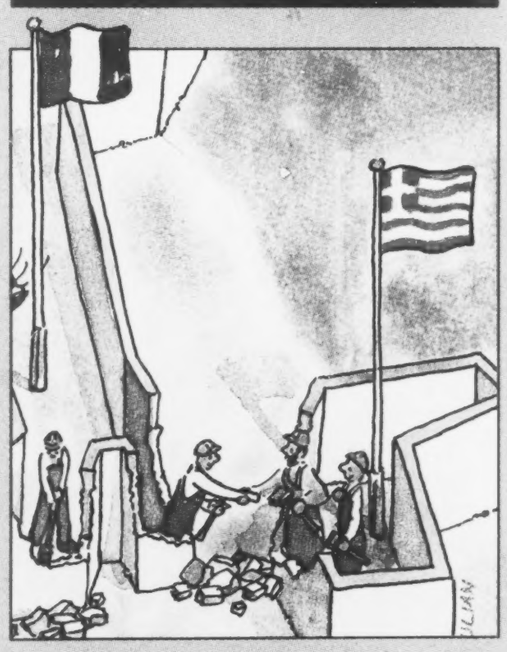


The St. Louis-based Hill Behan is one of the many chains that uses a guarantee to beat the competition's price as a major feature in its advertising.

PERSPECTIVES



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BUYING & SELLING

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Interest rises in low-flush toilets as legislators search for drought relief

By Tim O'Malley

NATIONAL REPORT — Three major states and Congress have either passed laws or are considering legislation calling for the mandatory

Merchandising

phasing in of water-saving, low-flush toilets. But at least one major toilet manufacturer says the technology is not up to the American consumer's demands.

"It may never be," claims John Laughton, manager of marketing and projects at American Standard.

This display outside of Lampert Lumber in Sturgeon Bay, Wis. demonstrates the water savings potential of low-flush toilets. NHCN photo

"The U.S. has the highest flushing quality in the world, and no consumer will want

(Continued on page 79)

NEWSBREAKS

'THIS OLD HOUSE' DROPS HOST: Bob Vila has been cut from the popular PBS program after The Home Depot, a sponsor of the show in local markets, objected to some of the commercial endorsements Vila made, particularly for Rickel. Home Depot now competes with Rickel in the Northeast. According to *The Wall Street Journal*, Home Depot's protest might have influenced Weyerhaeuser, the show's major backer, to drop its sponsorship as well. Vila had no comment as of press time.

INDUSTRY UPDATE

Makita and ICB reach settlement

WASHINGTON — Makita USA and Makita Corporation of America have reached a tentative out of court settlement with International Consumer Brands (ICB) over Makita's claims of common trademark infringement.

As of press time a judge's approval was still pending, and the Makita subsidiaries dropped ICB from its International Trade Commission complaint alleging a number of companies infringed Makita's trademark cordless electric tools, an attorney for ICB explained. Counsel for Makita was not available for comment.

Bruce Hahn, ICB president, said the tentative agreement paved the way for a 15 to 30 year license to ICB to manufacture and sell Makita battery chargers and cartridges in North America.

BE chooses broadcast agency

IRVINE, Calif. — Builders Emporium has chosen DDB Needham Retail, Rancho Cordova, Calif., to handle its estimated $6 million broadcast account. DDB Needham currently handles the Orchard Supply Hardware account in San Jose, Calif.

Dick Roberts, account supervisor for DDB Needham, said new broadcast ads would begin airing in early May. Although BE is on the selling block, Roberts said he "assumed that wouldn't affect" the agency when the ownership change occurs.

DDB Needham will do strategic, media and creative planning for BE's broadcast and print advertising, with special emphasis on creating and producing television ads, Roberts said.

Monarch founder, pres. to resign

HONOLULU — Jim Rodden, a part-time football coach who founded Monarch Building Supply in 1972 and guided its growth into a seven-unit building materials dealer with $45 million annual sales, will retire as company president on April 18.

No successor to Rodden has been named. A management reorganization has placed Jack Brandt as vp in charge of four Monarch stores on Maui and Jerry McLeod as vp in charge of the Oahu unit and two stores on the Big Island of Hawaii.

Watkins-Pacific of Brisbane, Australia, bought Monarch from Rodden five years ago and signed him to a management contract.

"He just decided he could make more money playing with his own money than through Watkins-Pacific," said a company employee who asked not to be identified.

Another employee, public relations director Sam Nichols, said Rodden departed to "live the American dream—retiring in your mid-forties." He reportedly will spend time overseeing a business he owns in California.

Rodden gave no indication that he was pondering retirement in a late February interview for a profile on him that *NHCN* ran last month. In recent months Monarch's focus has been on expanding its contractor-oriented outlet near Honolulu International Airport.

Hypermarket to debut in Chicago

BRIDGEVIEW, Ill. — Auchan, the French hypermarket chain, will debut its discount offering in Chicago this spring near Builders Square and Handy Andy units.

Auchan's general manager David Skinner said the hardware and automotive departments would be the dominant area after foods in the 78,000-square-foot selling space.

"We will have promotional sales but everyday prices will be discounted," Skinner said. "Our competition is the specialist in any line we carry, whether it's health and beauty aids, food or hardware and automotives," he said. Auchan will have a match-any-price guarantee.

The 130,000-square-foot store carries health and beauty aids, electronics, toys, pet supplies and sporting goods.

This second U.S. Auchan hypermarket is just southwest of Chicago. The first, a 230,000-square-foot unit, opened last October in Houston and also sells apparel.

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HQ Warehouse plans to double its size in the next two years

By an NHCN staff editor

VIRGINIA BEACH, Va. — Home Quarters Warehouse will double its size in the next two years, according to its president and chief executive officer Frank Doczi.

It plans to open 10 stores and enter the new markets of Birmingham, Ala.; Durham, N.C.; and Richmond, Va. It will also add stores to its existing five-state market in the Southeast.

"It's logical to grow by expanding the circle," said Doczi.

It will increase its dominance in its core market of Hampton Roads, Va., by adding three new stores to bring its total to five units, and it will also open two stores in a new market—Richmond, Va.

Frank Doczi, president and ceo of HQ Warehouse. NHCN photo

In North Carolina, it will open in Durham for the first time, and strengthen its market presence in Charlotte, S.C., with a third unit. In addition, it will make a dramatic entry into Birmingham, Ala., with three new units where construction has already begun.

Home Quarters, a subsidiary of Hechinger, operates 85,000-square-foot warehouse stores with 25,000-square-foot outdoor areas. Unlike other warehouse stores, Home Quarters has a strong focus on the female shopper, who represents 50 percent of its customer base.

Home Quarters may roll out larger warehouse stores in the future as the company ventures into larger metropolitan areas capable of a larger sales volume.

Pres. of Lanoga western group resigns

By an NHCN staff editor

OLYMPIA, Wash. — Edwin M. Savage, president of the 23-unit western group of Lanoga Corp. headquartered here, has resigned effective March 31. A successor has not been named.

Daryl Nagel, president and ceo of the privately held Lanoga, will serve as acting president of the western group until a replacement is chosen. Nagel indicated he hopes to fill the vacancy from within the organization.

The western group consists of 10 Spenard Builders Supply units in Alaska and 13 Lumbermen's Building Centers in Oregon and Washington. Lanoga, headquartered in Redmond, Wash., also operates 102 United Building Centers in the Midwest and Rocky Mountain states.

Savage's resignation is based on "personal circumstances, there is no hidden agenda," he said. He and his wife plan to relocate to the Eastern U.S. to be closer to their family.

Savage joined Lanoga as ceo of the Lumbermen's chain in June 1985. The chain was consolidated with Spenard into a unified organizational structure in 1987.

The western group management staff "is now in place and ready to meet the challenges and opportunities of 1989 and the future," Savage said. "I am leaving both divisions better than I found them," he added.

"Ed can take pride" in his corporate restructuring of the western division, Nagel said, adding that he is "sorry to see him leave."

Previously, Savage was marketing manager for Boise Cascade's Building Materials Division. From 1955 to 1978, Savage worked for Braintree, Mass.-based Grossman's. For eight years he was senior vp and gm of Moore's, Roanoke, Va., a Grossman's division.

Edwin M. Savage, former president of Lanoga. NHCN photo

Home Depot's earnings up 42% in '88

By an NHCN staff editor

ATLANTA — The Home Depot posted record earnings for fiscal 1988, bettering the previous year's bottom line by 42 percent.

Net income for the 96-unit chain totalled $76.7 million, or $1.50 per share, for the year ended Jan. 29. This compares to $54 million, or $1.13 per share, for fiscal 1987.

The company also set an earnings record in the fourth quarter of fiscal 1988, securing $18.8 million, an 18 percent increase over the same period a year ago. Per share value improved to $.37 from $.32 in the fourth quarter of 1987.

Net sales for the Atlanta-based chain were $1,999,514,000, up 38 percent from fiscal 1987. Fourth quarter sales swelled to $524,773,000, 40 percent better than the previous year's $374,000,000.

Figures on comp-store growth were equally encouraging at 13 percent for the 12 months and 15 percent for the quarter.

10 stores opened in '88

All this was accomplished while The Home Depot incurred what it called "significant" preopening expenses for 10 new stores, and a Northeast merchandise and operations office in Piscataway, N.J.

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Section 4

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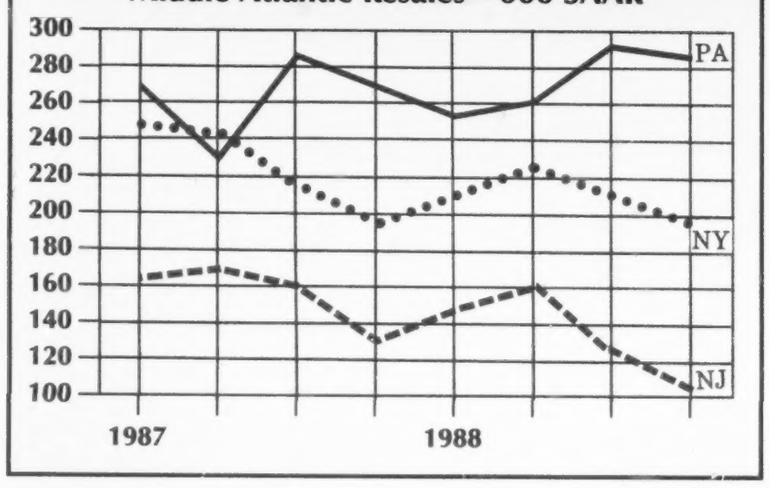

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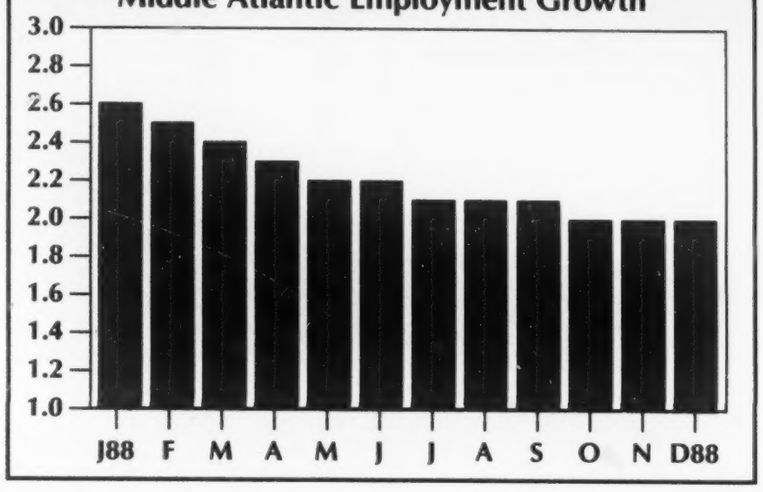

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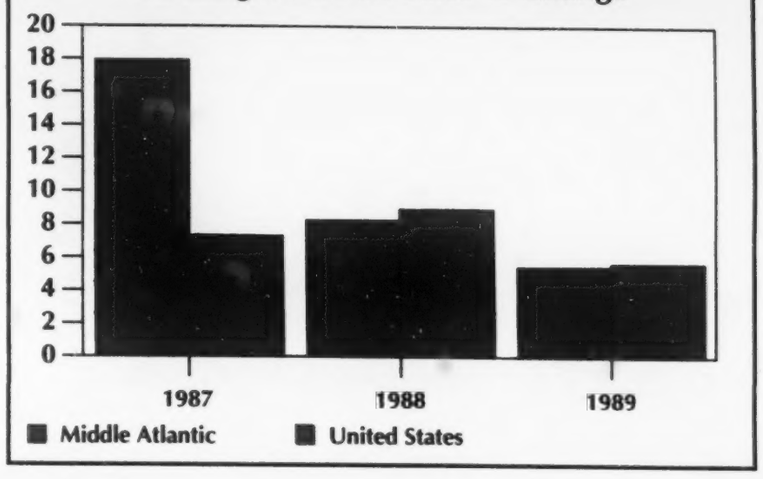


High cost of housing to hurt Middle Atlantic LBM sales in 1989

By Richard E. Mount
Special to NHCN

Building material sales in the Middle Atlantic states during 1989 will slow from their strong paces in recent years.

High home prices and slower employment gains will be restraining factors. Areas with traditional manufacturing bases or improving housing markets, however, will remain strong.

For 1989, regional sales are likely to be up 5 percent versus 5.2 percent for the nation. Nevertheless, sales will reach another record high in dollar and unit volume.

Richard E. Mount

New Jersey is apt to be the weakest state in the region for building material sales in 1989. Employment growth has slowed to 2.1 percent from 2.5 percent a year ago.

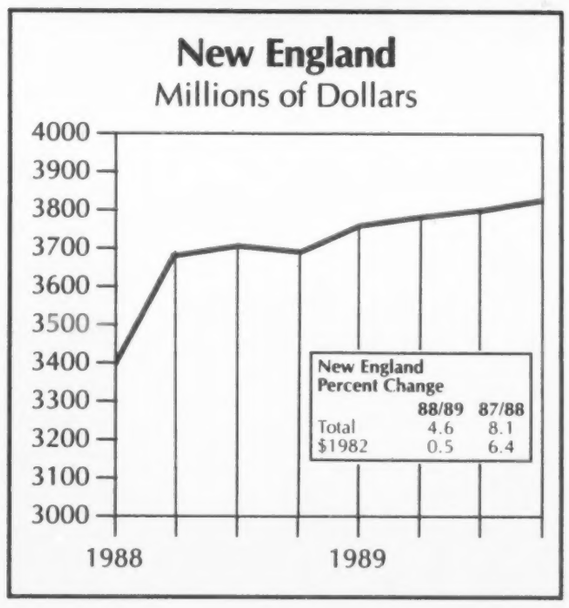
While the employment situation suggests a relatively strong market for building material sales, resale activity paints a far different picture. Resales were down 11 percent last year, with the fourth quarter down 36 percent from the second. The problem for housing is not employment, but price.

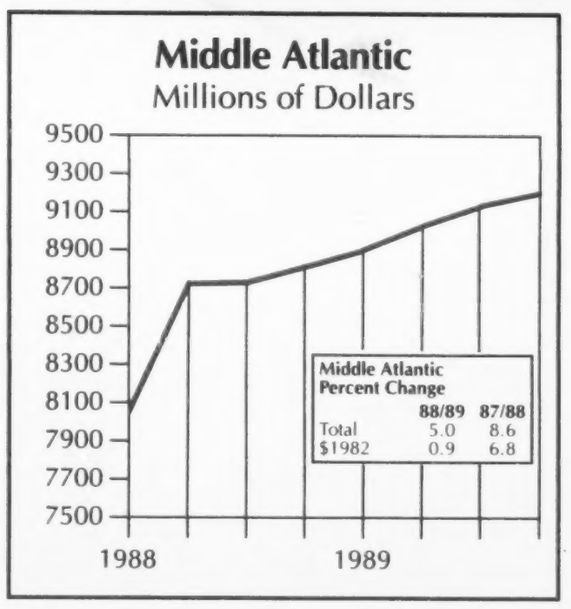
New York is undergoing a regional economic transition. Finance employment is unchanged from a year ago, harming the New York City area. National defense spending is growing at a slower pace, reducing job prospects for Long Island. For the rest of the state, however, business is improving. Employment is up 1.9 percent, down from a 2.4 percent gain a year ago.

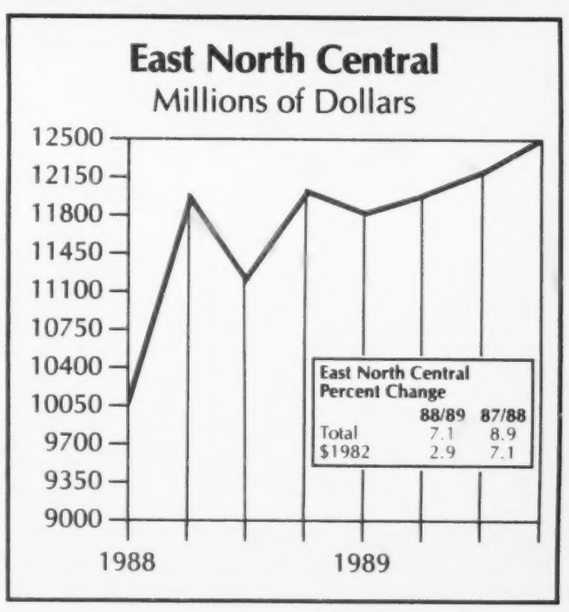
Pennsylvania should be the strongest state in the region this year. Manufacturing accounts for 21 percent of employment versus a 16 percent average in New Jersey and New York. Strength in national manufacturing from the decline in the dollar and higher domestic capital spending boost the Pennsylvania economy more than the rest of the region.

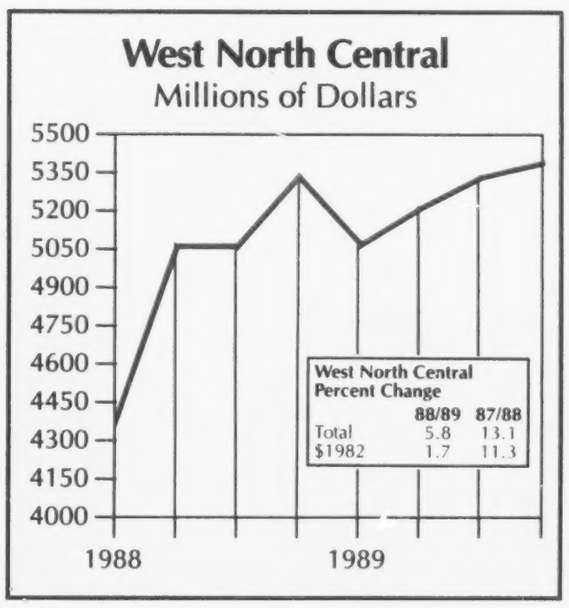
Richard Mount is president and chief economist with Mount Economic Consulting.

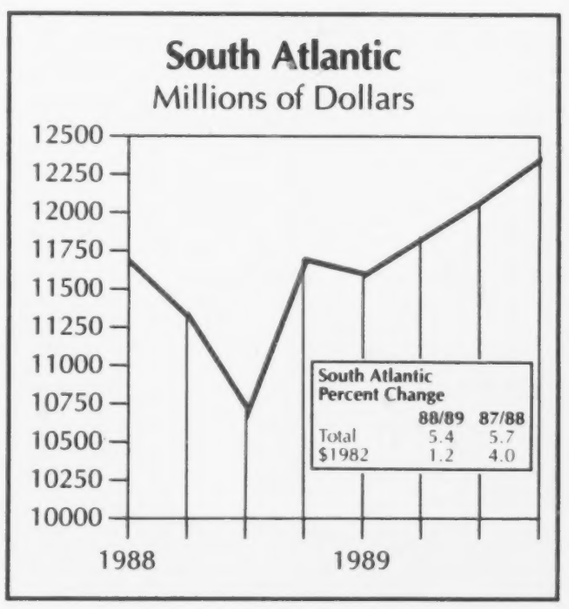
Regional Outlook: Building Material Sales

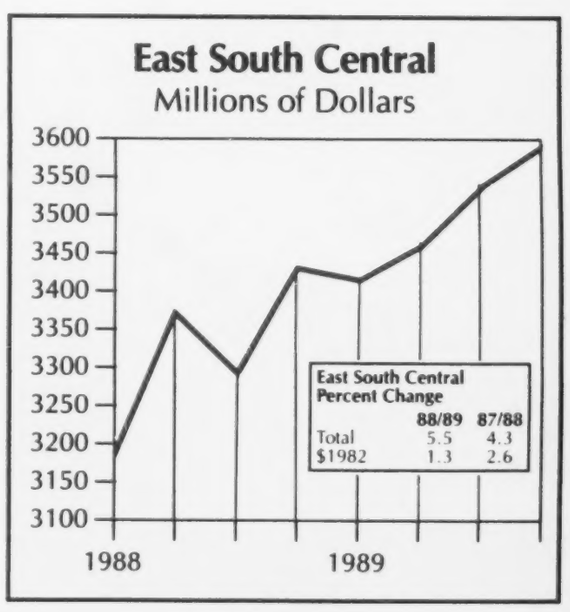


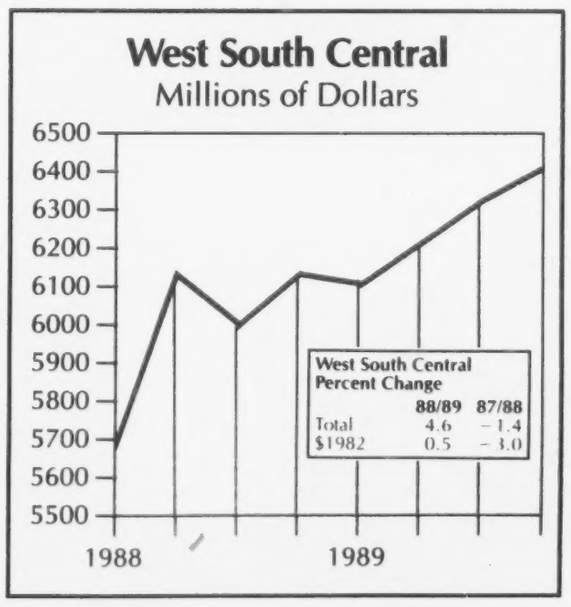


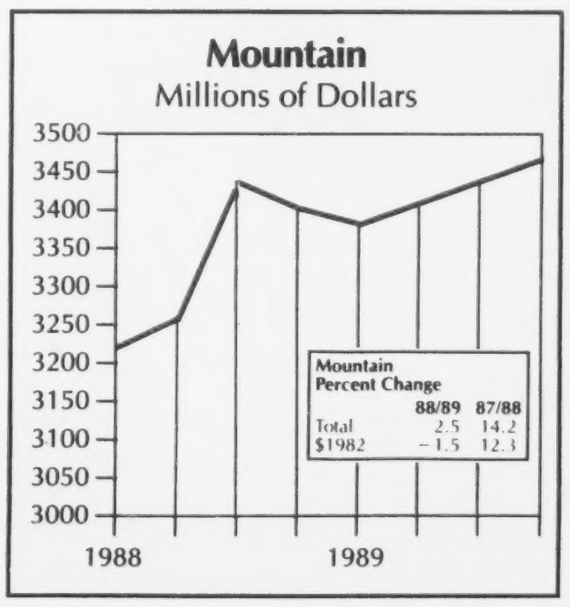


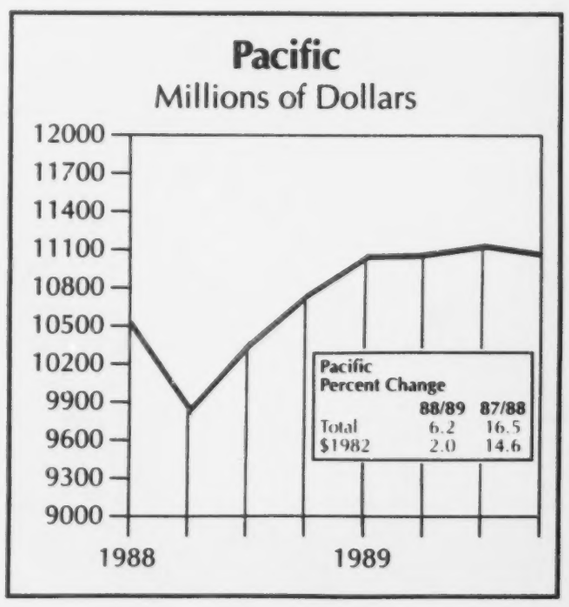












Data: Dept. of Commerce
Bureau of Labor Statistics
National Association of Realtors
Dept. of Housing and Urban Development

The Home Center Industry Outlook runs in two parts, one each month. The first part includes latest data on the General Economic Outlook; Residential Alterations & Repairs; and Retail Trade Activity. The second part includes latest data on regional building material and supply store sales.

SAAR—Seasonally Adjusted Annual Rate
p—projection
NHCN chart

Business Watch

stocks

Fred Meyer's sales and earnings leap during 4th quarter

By an NHCN staff editor

PORTLAND, Ore. — The 112-unit Fred Meyer chain here enjoyed record sales and earnings for the quarter ended Jan. 28.

The company, many of whose stores have large home improvement departments, saw its quarterly sales jump 16.1 percent to $568.4 million, with comp-store growth climbing 12.3 percent.

Net income for the quarter increased to $15.3 million, or 62 cents per share, an 11.2 percent jump. This increase occurred despite a $5.7 million LIFO charge against fourth quarter earnings.

Strong comp-store growth

"We are extremely pleased with our exceptional sales performance in the fourth quarter and for the year," said Fred Stevens, Fred Meyer's chairman and ceo, in a prepared statement. He added that the comp-store growth was one of the "finest achievements in the history of our company."

For the fiscal year, Fred Meyer's sales grew by 12.2 percent to $2.07 billion, with comp-store sales increasing 7.9 percent for the year. Net income growth was even stronger, gaining 14.4 percent to $36.7 million (including a $10.3 million LIFO charge). Earnings per share increased 14.5 percent to $1.50.

In 1988, the company opened two multi-department stores in Kent, Wash., and Grants Pass, Ore., as well as 12 smaller specialty units. This year, Fred Meyer plans to open large units in Auburn and Lacey, Wash., and Portland and Astoria, Ore., as well as an additional six to 10 specialty stores.

Share prices plummet for 36 cos.

The two weeks ended March 23 were dismal for home improvement stocks, as the share price of 36 companies fell. Only eight companies gained and five were flat, as tracked for *NHCN* by Media General.

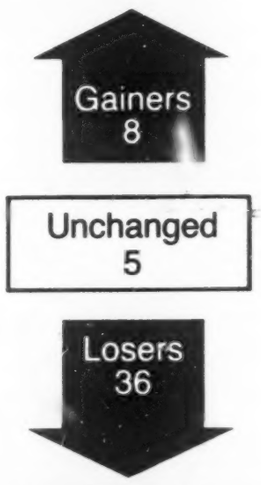
Ironically, the only retailer to show any life during this period was Sears, which was coming off of a massive advertising campaign promoting its new everyday low price strategy. The nation's largest retailer said its stock gained 0.9 percent to $42.38 per share. Interco, which continues to look for buyers for some of its divisions, including the Central Hardware chain, was flat at $3.25.

The rest of the retailers listed were off, some considerably: National Lumber's stock fell 17.6 percent to $1.75; Strober Organization dropped by 9.8 percent.

Manufacturers didn't fare much better. Black & Decker, which in this period announced its intention to purchase Emhart Corp. for $2.8 billion (*see page 3*) took a beating on the market, as its price plummeted 16.4 percent to $19.75 per share.

Among the gainers were Newell Cos. (4.5 percent to $32), USG (6.3 percent to $6.38) and Coleman Co., which recently agreed to be acquired.

The two publicly traded wholesalers, Hughes Supply and Moore Handley, showed increases during this two-week stint.



HOME CENTER MARKET SUMMARY

National Home Center News

Company and Market	Stock Market: Price: 2-Weeks Ended	2-Weeks Change Amt.	2-Weeks Change Pct.	2-Week Range High	2-Week Range Low	52-Week Range High	52-Week Range Low	Volume: 2-Weeks Shares Traded Total	2-Weeks Shares Traded % Out	12-Week Avg. Vol. As % Out	Volume Trend	P/E	Indicated Divd. Rate Amt.	Indicated Divd. Rate Yld.	Latest Report: New Report	Latest Report: Period	Latest Report: Date Ended	Latest Quarter: Revenue Amt.	Latest Quarter: Revenue Chg.	Latest Quarter: Net Income Amt.	Latest Quarter: Net Income Chg.	Latest Quarter: E.P.S. Amt.	Latest Quarter: E.P.S. Chg.	Year-to-Date: Revenue Amt.	Year-to-Date: Revenue Chg.	Year-to-Date: Net Income Amt.	Year-to-Date: Net Income Chg.	Year-to-Date: E.P.S. Amt.	Year-to-Date: E.P.S. Chg.
-	$	$	%	$	$	$	$	(100)	%	%	%	-	$	%	-	-	-	$Mil	%	$Mil	%	$	%	$Mil	%	$Mil	%	$	%
Retailers																													
Gen Bldg Prods M	4.00	- .25	- 5.9	4.25	3.50	6.50	3.00	202	.50	.38	31.6	NE	.00	.0	.....	fiscal	11-88	22.8	26.0	- .5	- 100.0	- .13	- 100.0	79.3	17.3	- .2	- 100.0	- .06	- 100.0
Grossman's Inc M	8.13	- .25	- 3.0	8.38	8.00	8.50	4.88	10,443	4.00	4.23	- 5.4	16.3	.00	.0	.....	fiscal	12-88	285.8	10.9	.6	- 25.0	.02	NC	1141.6	6.0	13.2	9.1	.50	- 5.7
Hechinger A M	17.00	- 1.75	- 9.3	19.00	16.75	20.25	15.88	15,075	7.36	1.92	283.3	NA	.16	.9	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hechinger B M	17.00	- 1.75	- 9.3	18.75	17.00	20.00	15.75	1,245	.82	.15	446.7	13.1	.06	.4	NEW	fiscal	01-89	245.9	43.4	12.8	18.5	.34	21.4	1019.4	40.6	48.8	22.0	1.30	11.1
Home Depot N	33.75	- 1.00	- 2.9	36.13	33.25	36.13	22.88	21,734	4.36	1.66	162.7	22.5	.12	.4	NEW	fiscal	01-89	524.8	40.3	18.9	18.1	.37	15.6	1999.5	37.5	76.8	42.0	1.50	32.7
Interco N	3.25	.00	.0	3.38	2.88	3.88	2.88	38,114	10.53	5.20	102.5	NA	.00	.0	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
K mart Cp N	37.75	- 2.13	- 5.3	40.38	37.75	40.38	30.25	60,903	3.06	1.43	114.0	9.4	1.32	3.5	NEW	fiscal	01-89	8417.3	8.5	393.2	22.5	1.96	24.1	27301.4	6.5	802.9	16.0	4.00	17.6
Lowe's Cos N	23.25	- 1.75	- 7.0	25.38	23.00	25.75	18.75	6,527	1.76	.78	125.6	13.4	.48	2.1	.....	9 mos.	10-88	652.1	1.0	15.9	- 4.2	.42	.0	1947.3	.4	57.4	9.8	1.51	14.4
NHD Stores M	6.88	- .13	- 1.8	6.88	6.50	8.00	4.50	74	.55	.63	- 12.7	9.2	.00	.0	.....	9 mos.	10-88	12.3	15.0	.1	NE	.04	NE	37.3	12.7	.6	50.0	.43	38.7
Natl Lumber M	1.75	- .38	- 17.6	2.13	1.75	3.50	1.75	327	.58	.27	114.8	NE	.00	.0	.....	*	10-88	NC	NC	NC	NC	NC	NC	116.8	NC	- 2.6	NC	- .47	NC
Scotty's Inc N	11.50	- .88	- 7.1	12.50	11.50	15.13	10.50	586	.40	.49	- 18.4	39.7	.52	4.5	.....	6 mos.	12-88	141.0	5.6	2.5	.0	.16	- 5.9	269.0	4.6	- 2.0	- 100.0	- .14	- 100.0
Sears, Roebuck N	42.38	.38	.9	43.50	42.00	46.25	33.00	88,363	2.33	1.00	133.0	17.7	2.00	4.7	.....	fiscal	12-88	11761.0	- 16.3	16.4	- 97.1	- .46	- 100.0	50251.0	3.7	909.5	- 44.9	2.40	- 44.8
Std Brd Pnt N	14.25	- .25	- 1.7	15.75	14.25	18.50	10.63	3,101	5.42	3.61	50.1	NE	.00	.0	.....	9 mos.	10-88	80.5	2.2	1.3	- 69.8	.17	- 67.3	236.1	- .2	3.9	- 69.5	.50	- 67.7
Strober Organiz M	6.88	- .75	- 9.8	7.63	6.63	12.25	6.63	367	.60	.35	71.4	9.4	.00	.0	.....	9 mos.	09-88	38.9	40.9	1.6	- 5.9	.26	- 3.7	105.4	40.2	3.4	- 20.9	.56	- 20.0
Wickes Cos N	8.00	- .38	- 4.5	8.38	8.00	14.13	6.50	2,160	.45	.47	- 4.3	5.4	.00	.0	.....	6 mos.	07-88	937.9	- 35.5	- 12.4	- 100.0	- .09	- 100.0	1866.0	- 37.7	- 15.0	- 100.0	.08	- 94.2
Wolohan Lumber M	21.50	- .75	- 3.4	22.75	21.38	27.00	14.25	806	1.38	2.58	- 46.5	11.2	.28	1.3	.....	fiscal	12-88	64.3	13.2	2.8	3.7	.49	6.5	257.8	12.8	11.2	24.4	1.92	25.5
Zayre Corp N	24.75	- 1.00	- 3.9	27.00	24.50	27.13	18.63	30,876	5.50	2.20	150.0	NE	.40	1.6	.....	9 mos.	10-88	936.3	- 41.5	- 160.7	- 100.0	(2.87)	- 100.0	2530.5	- 41.2	- 178.2	- 100.0	(3.18)	- 100.0
Wholesalers																													
Hughes Supply N	18.50	.13	.7	18.75	18.25	19.44	16.50	356	.73	.48	52.1	9.3	.32	1.7	.....	9 mos.	10-88	131.7	16.3	2.5	.0	.51	4.1	376.3	18.3	7.1	6.0	1.46	9.8
Moore Handley M	4.25	.50	13.3	4.25	3.75	5.00	3.75	271	1.17	.20	485.0	NE	.20	4.7	.....	fiscal	12-88	20.2	- 15.8	- .2	NE	- .10	NE	99.7	1.3	- .3	- 100.0	- .14	- 100.0
Manufacturers																													
Am Consum Prods M	9.50	- .50	- 5.0	10.00	9.50	12.50	9.50	9	.03	.12	- 75.0	13.6	.00	.0	.....	fiscal	12-88	22.1	30.8	.4	.0	.17	21.4	78.6	62.7	1.8	5.9	.70	9.4
Am Woodmark M	11.13	- .38	- 3.3	12.25	10.88	12.25	8.00	158	.21	.13	61.5	12.5	.00a	.0	NEW	9 mos.	01-89	38.9	30.1	1.3	85.7	.17	325.0	118.3	23.2	5.8	31.8	.77	32.8
Armstrng Wrld N	34.88	- 2.13	- 5.7	37.00	34.75	44.00	31.75	14,678	3.18	1.90	67.4	9.9	1.00	2.9	.....	fiscal	12-88	706.9	16.8	34.6	3.3	.74	2.8	2680.3	13.3	162.7	8.2	3.51	10.4
Black & Decker N	19.75	- 3.88	- 16.4	24.25	19.38	25.25	18.25	44,701	7.64	2.45	211.8	11.2	.40	2.0	.....	3 mos.	12-88	705.5	15.2	38.4	23.5	.65	22.6	705.5	15.2	38.4	23.5	.65	22.6
Boise Cascade N	41.88	- .13	- .3	42.88	41.38	49.00	39.25	14,162	3.15	1.96	60.7	6.6	1.40	3.3	.....	fiscal	12-88	1034.8	6.1	76.4	33.6	1.70	41.7	4094.6	7.2	289.1	58.0	6.34	71.4
Catalina Lghtg A	13.00	.00	.0	13.88	12.63	14.00	3.00	1,273	3.75	3.35	11.9	28.3	.00	.0	.....	3 mos.	12-88	9.0	83.7	.4	100.0	.12	71.4	9.0	83.7	.4	100.0	.12	71.4
Champ Intl N	30.25	- 1.50	- 4.7	32.25	30.13	38.00	29.50	33,917	3.56	1.77	101.1	6.3	1.10	3.6	.....	fiscal	12-88	1314.4	13.6	119.8	45.9	1.26	46.5	5128.5	11.1	456.4	19.5	4.80	19.1
Clairson Intl M	4.75	- .13	- 2.6	5.13	4.50	7.38	4.13	727	1.43	2.09	- 31.6	NE	.00	.0	.....	9 mos.	06-88	27.2	46.2	- 2.1	- 100.0	- .43	- 100.0	78.4	45.7	- 4.3	- 100.0	- .85	- 100.0
Coleman Co N	73.00	5.38	7.9	73.13	67.38	73.13	35.50	11,355	16.13	7.49	115.4	21.0	1.20	1.6	NEW	fiscal	12-88	141.0	6.1	1.8	- 5.3	.24	- 11.1	657.9	9.9	24.5	27.6	3.47	27.6
Cooper Indus N	55.13	- .25	- .5	56.75	54.50	62.75	50.13	10,979	2.16	1.10	96.4	12.5	2.00	3.6	.....	fiscal	12-88	1193.3	18.3	74.7	32.4	1.47	31.3	4258.3	18.8	224.4	29.1	4.41	27.1
DeSoto Inc N	51.88	2.38	4.8	52.50	49.13	52.50	28.88	4,159	10.37	7.89	31.4	65.7	1.40	2.7	.....	fiscal	12-88	85.0	31.0	- .1	NE	- .03	NE	402.5	7.9	3.2	- 69.8	.79	- 70.3
Emhart Corp N	41.13	- 1.25	- 2.9	42.50	40.38	42.75	18.88	97,941	15.80	6.25	152.8	20.4	.88	2.1	.....	fiscal	12-88	722.7	8.7	32.9	24.6	.52	23.8	2762.0	12.5	126.0	18.3	2.02	18.8
Georgia Pacific N	42.38	.00	.0	42.75	41.50	43.00	33.25	22,406	2.34	1.27	84.3	8.9	1.40	3.3	.....	fiscal	12-88	2567.0	15.2	129.0	15.2	1.35	26.2	9509.0	10.5	467.0	2.0	4.76	12.5
La Pacific N	29.75	- 1.38	- 4.4	31.88	29.75	37.50	26.00	14,025	3.63	1.18	207.6	7.4	.92	3.1	.....	fiscal	12-88	448.3	- 6.2	31.2	- .3	.83	1.2	1799.4	- 6.4	153.6	22.9	4.02	22.9
Macmillan Bloedel M	15.88	.00	.0	16.00	15.50	17.38	13.88	1,811	.18	.27	- 33.3	NA	.80	NA	.....	fiscal	12-88	801.1	1.2	73.2	16.4	.68	19.3	3273.5	4.4	329.8	17.5	3.08	20.3
Masco Corp N	25.00	- .75	- 2.9	25.88	24.50	30.38	23.63	27,809	2.03	1.09	86.2	11.9	.48	1.9	.....	fiscal	12-88	609.6	12.2	49.3	60.1	.36	56.5	2438.6	20.5	288.3	31.8	2.10	27.3
Mor-Flo Inds M	5.75	.00	.0	5.75	5.38	6.50	4.50	54	.21	.18	16.7	NE	.01	.2	.....	9 mos.	09-88	52.5	6.9	- 1.9	NE	- .73	NE	162.0	4.9	- 5.8	NE	(2.29)	NE
Newell Co N	32.00	1.38	4.5	32.00	30.00	32.00	17.88	5,113	2.20	1.48	48.6	14.7	.76b	2.4	.....	fiscal	12-88	253.7	- 16.8	21.2	58.2	.78	62.5	988.2	37.3	61.4	65.1	2.18	58.0
Nortek Inc N	9.13	.00	.0	9.50	8.75	10.38	6.38	3,060	2.05	1.22	68.0	NE	.10	1.1	.....	9 mos.	09-88	343.0	- 2.7	4.8	2300.0	.32	3100.0	1049.0	7.5	16.3	43.0	1.10	54.9
Owens Corn N	26.13	- 2.50	- 8.7	29.00	26.00	29.88	18.00	6,667	1.67	1.68	- .6	5.5	.00	.0	.....	fiscal	12-88	704.0	NC	58.0	NC	1.37	NC	2831.0	- 2.1	197.0	- 10.5	4.71	- 11.1
Ply-Gem A	13.38	- .63	- 4.5	14.13	13.25	15.63	11.38	1,813	1.68	1.22	37.7	9.5	.12	.9	.....	fiscal	12-88	85.7	12.6	2.1	NE	.19	NE	383.7	22.7	15.9	112.0	1.41	113.6
Pope & Talbot N	19.25	- .50	- 2.5	19.75	19.13	21.75	16.13	1,463	1.22	.87	40.2	7.2	.60	3.1	.....	fiscal	12-88	154.0	44.2	8.6	19.4	.73	23.7	515.0	20.6	31.9	13.5	2.68	15.0
Potlatch Cp N	31.75	- 2.63	- 7.6	34.88	31.63	35.38	27.25	3,820	1.42	.58	144.8	7.9	1.04	3.3	.....	fiscal	12-88	285.4	12.9	33.1	32.9	1.19	33.7	1084.1	9.3	112.4	28.3	4.04	29.1
PPG Inds N	43.13	- .88	- 2.0	44.25	42.50	46.88	36.25	12,364	1.13	.77	46.8	10.1	1.36	3.2	.....	fiscal	12-88	1431.7	7.8	102.3	6.0	.94	10.6	5616.7	8.4	467.6	24.0	4.26	33.5
Rep Gypsum N	4.88	- .13	- 2.5	5.13	4.75	6.88	4.25	304	.30	.26	15.4	23.2	.20	4.1	.....	6 mos.	12-88	13.3	- 8.3	.9	12.5	.09	12.5	25.6	- 6.6	1.3	8.3	.13	8.3
Sherwin-Wms N	26.88	.13	.5	27.13	25.88	31.63	24.00	9,666	2.21	1.05	110.5	11.7	.70	2.6	NEW	fiscal	12-88	444.6	8.9	18.7	- 7.9	.43	- 6.5	1950.5	8.8	101.1	4.7	2.30	7.0
Stanley Works N	30.88	- 1.50	- 4.6	32.75	30.63	33.50	24.00	10,984	2.56	1.14	124.6	12.9	.96	3.1	NEW	fiscal	12-88	486.2	6.0	30.4	16.0	.71	16.4	1909.0	8.3	103.5	19.5	2.40	20.0
Thos Inds N	18.50	- 1.13	- 5.7	19.63	18.25	23.31	18.25	545	.54	.38	42.1	11.4	.72b	3.9	.....	fiscal	12-88	85.6	6.3	3.9	- 18.8	.37	- 17.8	347.6	8.0	17.7	3.5	1.62	3.8
Union Camp N	34.63	- .50	- 1.4	35.25	34.13	38.38	31.00	14,550	2.12	1.19	78.2	8.1	1.24	3.6	.....	fiscal	12-88	685.6	12.4	78.5	33.1	1.14	40.7	2660.9	15.3	295.2	42.3	4.25	50.2
USG N	6.38	.38	6.3	6.50	5.75	7.75	4.75	13,839	2.66	1.53	73.9	2.7	.00	.0	.....	fiscal	12-88	540.0	- 25.6	42.6	147.7	.79	139.4	2248.0	- 22.4	125.5	- 38.6	2.38	- 39.9
Waxman Ind M	7.50	- 1.00	- 11.8	8.38	7.25	12.25	7.09	2,752	2.98	1.99	49.7	9.7	.10	1.3	.....	6 mos.	12-88	48.0	26.0	1.7	13.3	.18	12.5	98.0	34.4	3.3	17.9	.36	20.0
Weyerhaeuser N	25.75	- .25	- 1.0	27.38	25.38	28.75	23.25	28,154	1.38	1.13	22.1	9.6	1.20	4.7	.....	fiscal	12-88	2560.0	43.5	154.8	19.6	.73	19.7	8470.1	21.2	564.4	26.4	2.68	26.4

All Data are based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Reporting period
3 mos.—First quarter of fiscal year
6 mos.—First six months of fiscal year
9 mos.—First nine months of fiscal year
Fiscal—Fiscal year
NEW—New report since last issue

Last 52 Weeks

General Field Footnotes
NA—Not available or not applicable
NC—Data required for calculation currently incomplete in our files
NE—Negative earnings invalidate calculations
NM—No meaningful figure
a—Under dividend amount, indicates a stock dividend
b—Indicates cash plus stock dividend when applied to dividend amount column

P/E Ratio—Price/earnings ratio
E.P.S.—Earnings per share
Market
N—New York Stock Exchange
A—American Stock Exchange
O—NASDAQ Over-the-Counter
M—NASDAQ National Market
*Two-week average volume equals the number of shares traded divided by the number of shares outstanding during the latest two-week period. Twelve-week average volume equals the number of shares traded divided by the number of shares outstanding over the previous 12 weeks.

All earnings data and all related calculations using earnings data use primary earnings from total operations and after taxes. Earnings are before extraordinary items, when such items are applicable.

Data and Table Provided by Media General Financial Services Inc., Richmond, Va. 23219

Impact of proposed B&D/Emhart merger uncertain

(Continued from page 3)

product being the better known. It has also been pointed out that Richard Campbell, the vp-consumer products group for Emhart, had worked at B&D for 14 years.

Patrick Murphy, marketing manager with San Francisco-based Schlage Lock, said the deal "would be good for our competition," referring to Emhart's Kwikset division. "Black and Decker is much more of a retail and consumer company than Emhart. They know what selling at retail is about. It's a true fit."

Bob Brymer, marketing manager at power tool maker Skil Corp., said a larger B&D should allow it more flexibility in deciding where to put its resources and would also give it more clout in the industry. He wondered, though, if B&D will be forced to sell some of the divisions to pay the debt it will bring on with the sale.

About the prospect of selling off parts of the consumer division, Lucas said, "We don't currently have any plans to do that, although we reserve the right to do that down the road."

To an extent, the nation's largest power tool supplier is responding to questions about debt service with its plans to sell Emhart's information and electronic systems division, which last year accounted for 24 percent of Emhart's $2.8 billion revenue.

Success comes from the top

Emhart's headquarters in Farmington, Conn., will be phased out, and its operations moved to Towson.

Citibank N.A. told B&D it will provide $1 billion to finance the offer and is charged with obtaining commitments from a group of banks for the remainder of funds needed to complete the $2.8 billion deal.

Peter L. Scott, chairman, president and ceo of Emhart, will become a director and chairman of the board of B&D. Nolan Archibald will continue as president and ceo of B&D, the company he joined more than three years ago from Beatrice Cos. and has led to a remarkable comeback after several years of stagnant sales and earnings.

In fiscal 1988, B&D's earnings rose almost 75 percent, to $97.1 million.

The success of this acquisition will "all depend on how it's going to be managed from the top," notes Roy Thompson, corporate purchasing manager with Makita, the La Mirada, Calif.-based power tool supplier.

In agreeing to B&D's bid, Emhart rejected an earlier $35 per share offer by Topper Ltd., a group composed of the Fisher real estate family and oil heir Gordon P. Getty. B&D agreed to pay Topper $21 million to settle a suit by Topper. Topper was claiming its offer was "negotiable," and said Emhart had not given it fair consideration.

Hechinger set to invade Boston market

(Continued from page 1)

Grossman's status as a chain that is being offered for sale may make it less formidable competitively, at least for the moment. But officials at Somerville Lumber, which is the only segment of its parent Payless Cashways that will expand in unit count through 1993, are ready to rumble.

"I firmly believe in the value package we present to our customer, and I'm happy to go to war with it," said Harold Cohen, co-chairman of Somerville. "We don't intend to change it and intend to make sure everybody knows it's available. We'll be damned competitive."

To concentrate its efforts on Boston, Hechinger has delayed entry into New York, ostensibly due to the high real estate costs.

Its Huntington, N.Y., store—a site purchased four years ago—had been slated to open this spring. At press time Hechinger had not announced specific plans for its completed Huntington unit. With real estate prices averaging $20 per square foot, some wonder how long Hechinger will hold onto this site.

"In light of the unavailability of prime real estate . . . we have been unable to develop the number of preferred store sites necessary to dominate this market," said Hechinger.

It also wants to devote ad dollars to markets where it can cluster stores, he said.

Hechinger's decision may also have been influenced by a desire not to compete with The Home Depot, which expects to open three units on Long Island this year. Both Hechinger and its subsidiary Home Quarters Warehouse have avoided opening in markets with warehouse stores.

According to David Bolotsky, retail analyst at Goldman, Sachs in New York, Home Depot can afford higher real estate prices because its stores generate sales of $290 per square foot, while Hechinger's stores average $190 per square foot.

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